Corporate Social Responsibility:

A Study of Four Successful Vermont Companies

For Professor Barbara McIntosh
BSAD 307 Organization and Management Studies

December 1, 2004

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## Project Literature Review:

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Introduction

Over the past ten to fifteen years ‘corporate social responsibility’ (CSR) has become an iconic buzzword. The idea that business can and should be responsible, that they must give back to society, is accepted widely. Examples of such socially responsible activities include philanthropy, volunteer work, and the reduction of environmental impact. Intrigued by this idea, our group pursued a project that asks, “What are the characteristics of effective and successful Corporate Social Responsibility activities?” We studied four successful Vermont companies, specifically: Ben & Jerry’s Homemade, Burton Snowboards, Green Mountain Coffee Roasters and Stowe Mountain Resort.

Before we examine our findings we must define Corporate Social Responsibility. Research indicates that the definition most frequently used today was first developed by Archie B. Carroll in the late 1970’s with slight revisions in the 80’s and 90’s. This four-part definition explains that businesses should focus on four strategic areas: economic, legal, ethical and philanthropic. Economic responsibility means that a business must establish a strong bottom line before it has the ability to do any other socially responsible activities. A business that operates within the parameters of the law meets the legal responsibility requirement. To be ethically responsible, the business must do more than what the law dictates; they should do what is right and just. Finally, philanthropic activities provide the business a way to ‘give back’ to the society that supports them. (Carroll (1) p. 1-7)

To best understand CSR at these different companies, we decided on a basic format that defined four specific areas of investigation. These areas are mission, motives,
methods, and metrics. We developed standardized interview questions for executives in our target companies. Thorough analysis of executive answers and subsequent integration with our research helped us to understand ‘why’ these companies adopt CSR, ‘what’ activities they do and, ‘how much’ CSR they consider to be sufficient.

This paper will lead the reader through our research process of CSR in Vermont. We start with a review of historical and current CSR literature. Following this information we present the findings from each individual company, and show how they relate to the findings of the literature. Finally, we present an in-depth analysis of how these four companies compare and contrast with respect to CSR activities. Due to time constraints, this paper can only provide a brief insight into the effectiveness of certain CSR activities in the Vermont area.
**Interview Questions:**

Interviews were conducted with the intent of addressing these broad topics. The bulleted lists represent a range of answers expected from the executives interviewed. It is important to note that the bulleted items were not shown to any of the executives. In this, our intent was to avoid indirect influence upon the subject’s answers.

**Mission:**

What is the mission of the company?

Do you have a stated social mission?

**Motives:**

Why do you have a social mission / social program?

- To enhance/differentiate brand
- To enhance shareholder value
- To increase employee productivity/motivation, reduce turnover
- Outside pressures (consumers, media)
- Outside pressures/liabilities (legal)
- Ethics of owners/management (“Because it is the right thing to do”)

**Methods:**

What categories of CSR activities does your company pursue?

- Economic
- Legal
- Ethical
- Philanthropic (Cause branding and venture philanthropy)

How do you execute your social mission/program(s)?

Programs may focus on areas such as:

- Human Rights/Social Justice
- Environmental Stewardship
- Community Development
- Corporate Governance (code of ethics, corporate structure)

How do you promote your programs?

How do you involve your employees?

**Metrics:**

How do you determine the success/failure of the social mission?

How has the social mission changed over time? Why?

How do you balance CSR with "bottom line" concerns?

What sets the upper limit of CSR activities?

How are conflicts between Shareholder Value and CSR resolved?

How has your program benefited your various stakeholders?
Project Literature Review:

History of Corporate Social Responsibility

The history of corporate social responsibility stretches back for centuries; however the best documented information regarding the impact of business on society begins in the 1950’s. Formal writing was published primarily in the United States, although “footprints of CSR” are evident throughout the world. (Carroll (2) p. 270) As we will see in the next section of this review, societal views of CSR are far ranging. Probably the most quoted antagonist of CSR, the famous Chicago economist Milton Friedman, actually saw its benefits. The infamous quote from Friedman, “Business’s primary responsibility is to make money” emphasizes the pragmatism of this scientist; however, the quote in its’ entirety was “the fundamental responsibility of any business in a free-enterprise system is to make a profit while conforming to the basic rules of society, both those embodied in the law and those embodied in ethical customs.” (Carroll (1) p.2) Clearly understanding the history of social responsibility helps us to appreciate further the information we uncovered in developing this project. Therefore this section traces the available literature from the 1950s to present day.

1950s & 1960s: Modern era of social responsibility

The modern era of corporate social responsibility begins in this decade with the publication of Howard R. Bowen, Social Responsibilities of the Businessman. This and future publications earned him the unofficial title “Father of Corporate Social Responsibility”. (Carroll (2) p.272) Bowen’s work established the initial definition of “social responsibilities of business” as the obligation of business to operate their activities
in line with objectives and values of society. (Carroll (2) p.272) The idea that business should think of its actions beyond pure profit resonated with businessmen of the era.

The CSR literature of the 1960s continued efforts to define social responsibility. A prominent writer of this time, Keith Davis, developed the well-known ‘Iron Law of Social Responsibility’, which states that the emphasis of social responsibility in a business correlates to the size of the business. (Carroll (2) p.273) The research of this project clearly follows these lines with the idea that the larger the business, (or more accurately, the larger the impact a business has on society), the larger the amount of responsibility it has to society.

1970s & 1980s: Four Part Definition of CSR and research

The end of the 1970s brought forth the most famous and continually used definition of CSR by Archie Carroll previously outlined. Literature of this era includes descriptions that suggest businesses during the period significantly emphasized corporate philanthropy and community relations. (Carroll (2) p.275) As early as 1971, literature indicates that business has a ‘multiplicity of interests’ including stockholders, employees, suppliers, communities and the nation as a whole. The idea that business must include anyone other than the specific stockholders leads to the development of stakeholder theory. Stakeholder theory states that business’s responsibility extends beyond groups with only financial investment and includes those with any relationship with the business. These groups include employees, customers, professional partners and local communities. (Carroll (2) p.275)

The other significant development of this era was the Committee for Economic Development’s (CED) publication Social Responsibility of Business Corporations. The
CED’s definition of CSR has three parts. Business must first emphasize economic functions. This component is followed by increase their awareness of changing societal values (environmental conservation, fair wages). Finally businesses must become more broadly involved in actively improving the social environment (poverty, urban blight). (Carroll (2) p 278) These developing definitions gave way to Carroll’s four-part definition as previously discussed.

Interest in CSR in the 1980s turned to establishing research measuring CSR as well as investigating the potential benefits to businesses, which participate in CSR activities. Research found that although the previous 30 years attempted to define CSR the concept remained vague and difficult to articulate clearly. A major contribution of this time period was from Thomas Jones, whose articles emphasized CSR as a process. This notion expanded the discussion of implementation of CSR from what business saw as a huge shift in corporate paradigm to ‘easing’ into CSR activities. (Carroll (2) p. 291) The 1980s research to develop a mechanism to assess CSR led to a need-hierarchy framework similar to Maslow’s. This pyramid of needs in business using the Carroll definition is demonstrated below:

![Pyramid of Needs](image)

The growing interest in operationalizing CSR attempted to tie financial performance and benefits to socially responsible activities of the business. (Carroll (2) p. 293) This
research by Philip Cochran and Robert Wood investigated the “question of whether socially responsible firms were also profitable firms.” (25)

1990s to present: new themes emerge, embracing CSR

With CSR as an accepted part of the business world, the 1990s emerged as a time of theory expansion and new models. These include corporate social performance (CSP), business ethics theory and corporate citizenship. As the economic heyday of the internet age blossomed the ability of firms to contribute financially increased. CSR programs became commonplace. The financial crisis that set in since the tragedies of September 11, 2001, decreased most firms’ ability to support CSR financially. Regardless, societal expectations that business will consider its impact on the world around it through its decisions are every increasing.

The well-established history of CSR cannot be done justice in this brief review. However, we felt it important to understand the origins of CSR, its development, and where it might be going in order to better understand successful CSR activities. A key to success of CSR involves the societal perception of these activities and an acknowledgement of how important this influence has been in the establishment of successful CSR programs.

Methods of Corporate Social Responsibility

There are a number of methods that companies can employ to carryout CSR activities and programs. Two popular methodologies are cause-branding and venture philanthropy. Basically, cause-branding is a top-down approach in which the company, including executives, determines which social and environmental causes to support and how to support them. Alternatively, venture philanthropy is a bottom-up approach.
Typically venture philanthropy is defined as the donations a company makes to nonprofit organizations. The nonprofit recipients of venture philanthropy are considered to be closer to the social problems within a community, so they make the actual decisions of how best to spend the money.

**Cause-Branding**

The defining aspect of cause-branding is that the companies have the opportunity to select social and environmental causes that are consistent with the company’s brand and mission. This can have a powerful effect on consumers and often leads to heightened brand loyalty. In addition to the potential business benefits, a philanthropic objective is also fulfilled; the cause and the organization that the company is supporting receive a lot of positive media attention and support. In order to enjoy both business-related and philanthropic successes from cause-branding campaigns, there are four guiding principles that should be followed (Cone 96-101).

As previously mentioned, the first step is to select a cause that is aligned with the company’s corporate goals. This makes it easy for stakeholders to support the program, which in turn facilitates a long-term commitment to the cause from the company. Secondly, it is important that the company aligns with a cause; partners can be selected later. The goal of cause-branding is to align the company with a cause, not to align the company with the brand of a charitable organization. The latter is quite risky because it relies on the staying power of a particular charitable organization. Thus the company should only rely on the nonprofits to deliver the resources to the people in need.

The third principle of cause-branding calls for the company to put all of its assets to work, including the employees. Consumers are more assured of a company’s
commitment to a cause if they can see a significant amount of employee contribution. Also, cause-branding programs tend to increase employee loyalty, help with recruitment, and increase employee enthusiasm. In fact, according to the 2001 National Employee Benchmark Study, 73% of employees highly involved in volunteer programs say their employer’s support for their efforts has made them more committed to their jobs (Cone 100).

Lastly, it is important that the company communicates its efforts in order to reach its consumers. However, it must exercise caution when embarking on a cause-branding campaign as too much advertising can make the company appear insincere. For example, five years ago Philip Morris spent $75 million on good works, but it spent roughly $100 million promoting those actions (Cone 100). The public questioned the sincerity of Philip Morris’ commitment to these activities, which lessened or eliminated any positive effects on brand support.

**Venture Philanthropy**

In venture philanthropy, companies provide funding and technical advice to community-based organizations that are acting as “laboratories of the streets” (Kosminsky 28). This termed was coined since these organizations reside amongst the communities that they assist. Venture philanthropy does not require as much of a time commitment from companies, but allows them to still have a positive social impact. The primary goal of venture philanthropy is to enable organizations to help communities create new wealth beyond the financial donations from the companies. For example, Pfizer donates to a number of organizations, including the East New York Urban Youth Corps in New York City.
“East New York Urban Youth Corps, dedicated to neighborhood-controlled revitalization, growth and development, has received a grant to aid the development of a supermarket that will fulfill a community need for more shopping alternatives, create 100 new, permanent jobs, and help spur the local economy.” (Kosminsky 30)

Cause-branding and venture philanthropy are two popular methods for carrying out CSR programs and fulfilling social missions. Both seem to be effective in creating a positive social impact. In addition, cause-branding tends to have more of a direct effect on the company’s business objectives and consumer loyalty since these activities are aligned with the brand’s image. However, this method takes more effort to implement since extensive executive and employee support are required. Cause-branding also requires a long-term commitment to the cause; otherwise consumers may begin to view the company’s actions as insincere. Regardless of the method chosen by the firm to engage in corporate social responsibility, we found that measuring the impact of these activities is paramount. In the next section we investigate the ways that firms operationalize and justify these actions.

**Perspectives on Social Responsibility: Consumers, Executives, and Economists**

We dedicated a portion of our literature to a survey of common societal attitudes towards Corporate Social Responsibility. We found that there is no shortage of opinions on CSR as a concept, and that perspectives on the subject varied greatly with the target population. Below we will provide a brief cross-section of research on CSR views from consumers, business executives, and noted economists. Where possible, we will provide some statistical information to support or refute the prevailing perspective. Our findings
are presented in two opposing sections: *perceived support for CSR, and views opposing CSR.*

**Perceived Support for CSR**

**The Economist’s Viewpoint:**
Many economists have argued that socially responsible business have a market performance advantage over other businesses. This has been a highly contentious viewpoint. We will discuss later some of the measurements that have attempted to correlate Corporate Social/Environmental Performance (CSP) with Corporate Financial Performance (CFP). Suffice to that until recently, research into a connection between CSP and CFP had been inconclusive. Despite early findings in support of a positive CSR to CSP linkage, most past research has failed to uncover any significant correlation (Gunther, 2003). However, recent studies revealed that companies with internally embraced codes of ethics post better results in *Business Week* corporate rankings, on *Fortune's 'most admired' list*, and on the *Stern Stewart Performance 1000* (Verschoor, 1998). Also, the *Moskowitz Prize* winning study for 2004 (Orlitzsky & Schmidt, 1998) revealed a statistical positive correlation between CSP and CFP.

**Executive Viewpoints:**
Many executives at socially responsible businesses feel that CSR is necessary to address global wealth disparity. These individuals feel that businesses will not be able to continue operations in a global economy where the gap between the rich and the poor continues to widen. CSR activities can play a part in developing the economies of the poorer nations, and in turn, create new business markets (Gunther, 2003). This executive philosophy dates back at least to Henry Ford. Ford created a market for his “Model A”
automobile by paying his factory workers a previously unprecedented wage. His employees became the market base for his own products.

Other executives take a more practical perspective supporting CSR. They feel that they need to be seen as socially responsible in order to avoid punishment by consumers (Yorkshire Business, 2004). As an example, Nestle and Perrier are recovering still from major public image problems incurred from events in the 1980s and early 1990s. The 2002 Cone Corporate Citizenship Survey supports this viewpoint as well (Cone, 2002). According to the survey, the stated percentage of consumers indicated that they would have the following reactions to news that a given company was practicing negative corporate citizenship:

- 91% - Consider switching to another company’s products or services
- 85% - Speak out against that company among my family and friends
- 83% - Refuse to invest in that company’s stock
- 80% - Refuse to work at that company

Of course, there are more than a few companies who use a fairly simple reason to justify their CSR activities. They do it because it is ‘the right thing to do’.

**Consumer Viewpoints:**

Recent consumer surveys and sales reports reveal a consumer preferences trending towards socially responsible businesses and products. The 2002 Cone Corporate Citizenship survey shows the following additional stated consumer preferences:
“A company’s commitment to social issues is important when I decide …”

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<td>July 2002</td>
<td>October 2001</td>
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<td>Which companies I want to see doing business in my community</td>
<td>84%</td>
<td>80%</td>
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<tr>
<td>Where to work</td>
<td>77%</td>
<td>76%</td>
</tr>
<tr>
<td>Which stocks or mutual funds to invest in</td>
<td>66%</td>
<td>63%</td>
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(Cone, 2002)

Other surveys have found similar results. For example, the Hill & Knowlton 2001 survey showed that 79% of Americans claim to factor in corporate citizenship when purchasing products (Deatherage, 2001).

One might reasonably question whether these stated preferences translate to actual sales benefits. The answer, at least in some markets, is “yes”. The past ten years has seen a marked increase both in sales growth for socially responsible products, and in investments in socially responsible companies. Ethical investments are now a £4.2 billion business in United Kingdom. Furthermore, UK ethical investments grew by a factor of ten over the past ten years (Min, 2004). In the United States, socially responsible investments grew 227% between 1995 and 1997 (Deatherage, 2001). In the UK consumer market, socially responsible and Fair Trade products grew by 155% between 2000 and 2002 (Min, 2004). Still, it is unclear from this information if socially responsible products and investments will ever be more than a niche market.

**Arguments Against CSR**

**Economist’s Viewpoints:**

Conservative economists still hold with the belief that the primary purpose of a company is to generate value for its shareholders. According to these individuals, any
social or ethical expenses incurred in activities beyond strict compliance with the law (and perhaps universally accepted ethical norms) can be considered a violation of shareholder trust. According to noted economist Milton Freedman: “If businessmen do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is?” (Gunther, 2003). Adherents of this philosophy are not necessarily opposed to social causes; they simply feel that individuals, not organizations, should finance these “special interests”.

Some economists take an even harder line, maintaining that many so-called “socially responsible” corporate causes are simply pointless and counterproductive. British economist David Henderson has referred to many CSR programs as “dangerous and wasteful” (Gunther, 2003). He believes that free market economics local entrepreneurs will alleviate global poverty, not corporate welfare programs.

The views of these economists stand in stark contrast to those who believe in the businesses have obligations beyond the financial. These viewpoints represent fundamental differences in philosophy. Corporations attempting to start CSR programs should be prepared to face these arguments.

**Executive Viewpoints:**
Many executives feel that they there is no way for them to know what ethical values are common to all of their stakeholders. Lacking common values, they then decline to implement CSR programs for fear of offending any interested party (be it a customer, employee, supplier, or shareholder). This attitude ties in closely with the conservative economist viewpoints outlined above.
However, current research indicates that it is possible to identify shared values within a given stakeholder population, and that corporate executives are in an ideal position to formulate and disseminate ethical standards. Researchers Orlitzky & Swanson have built a theoretical model for the transference of ethical values from executives to stakeholders (2002). Using this model, executives should be able to build common ground for the execution CSR programs.

Another common executive view against CSR is that it derives no measurable benefits for the corporation. Executives holding with this viewpoint claim that CSR generates only intangibles, thus creating the illusion of wasted corporate assets, and in turn increasing the risk of shareholder rebellion. This view meshes well with theoretical work of David Henderson.

Countering this perspective, we note that some companies exist almost entirely of intangibles. Stockholders are getting fairly used to soft assets in many sectors of the economy (Yorkshire Business, 2004). Also, some benefits of CSR are easy to measure, such as reduction in legal liabilities from increased legal compliance, and reduced staff turnover from equitable employee treatment.

**Consumer Viewpoints:**

Perhaps the most damning viewpoint against the implementation of CSR programs comes not from economists, but rather from consumers of all political persuasions. Consumer skepticism concerning companies that label themselves as “socially responsible” is at an all time high. According to the Hill and Knowlton 2001 Corporate Citizenship Survey, 76% Americans surveyed believe that “CSR” is no more than a public relations tool (Deatherage, 2001). Most Americans feel that corporations
that wave the CSR flag are insincere in their motivations. As noted earlier, consumers have been noted to punish companies that they perceive have violated their trust. To counter this public sentiment, CSR theorists recommend that companies attempting to promote their ethical behaviors take a conservative approach; executives should utilize cause-branding to align their cause with their product, and they should avoid over-promotion of their programs (Deatherage, 2001).

**Measurement of Corporate Social Responsibility**

Measurement of corporate social responsibility is still very much in its infancy. There has been some speculation on possible ways to measure CSR but little actual measurement has been done. Even with the development of measurement techniques, little is known about how to convert this information into metrics that reflect the benefits of dollars spent for CSR. That being said, some of the measurement categories have been developed and are as follows:

1. Corporate social/environmental performance (CSP) disclosures
2. CSP reputation ratings
3. Social audits, CSP processes, and observable outcomes
4. Managerial CSP principles and values

These categories help to quantify the degree of corporate social performance within an organization.

**Corporate Performance Disclosures**

Corporate social/environmental performance disclosures include content analysis and measurement of various corporate disclosures such as: Annual Reports, Letters to Shareholders, 10Ks, and other pertinent documents. Researchers in this area agree that
“content analysis is employed to compare units of text against particular CSP themes in order to draw inferences about the organization’s underlying social performance” (Orlitzky, p. 5).

**Reputation ratings**

The second category involves CSP reputation ratings. These include any type of rating of CSR activity. Some examples are: Moskowitz’s tripartite ratings, Fortune magazine’s ratings on “responsibility to the community and environment”, or any other survey by students or professionals related to CSR activity performance. These reputation ratings will be discussed in relation to some of the companies we researched in coming sections of this paper.

**Social Audits**

Social audits, CSP processes, and observable outcomes create another category of measurement. This is the broadest of the categories outlined. The purpose of this type of measurement is to obtain objective data related to a company’s CSP. Here a third party assesses a firm in areas such as: community service, environmental programs, and philanthropic activity. A drawback of this method is that many times a ranking system such as one developed by Council on Economic Priorities (CEP) is used. This can pigeon-hole the results into certain classifications and may take away some of the objectivity.

**Managerial principles and values**

The final category is managerial CSP principles and values. This type of measurement approach looks at a company’s culture: values and principles. Through that lens it determines the dedication and sincerity to CSR activities. (Orlitzky, p. 5-6)
These categories of measurement of corporate social performance have been formulated by many of the most influential scholars in the history of CSR research. They provide a good outline and starting point. A set of standards must eventually be developed to ensure measurement that is comparable across many different companies.

**Burton Snowboards**  
*Elizabeth K. Carr*

**Company History**

In 1977 Jake Burton Carpenter founded Burton Snowboards as the world’s first snowboard factory. After living and working in Manhattan, Jake moved to Londonderry, Vermont to become a snowboard “shaper”. During the second year of operation, he moved the company to a farmhouse in Manchester, Vermont. After establishing the company and growing out of their facilities, in 1992 Burton Snowboards moved to its current location in Burlington, Vermont. Marked by the old chairlift outside of the building, this is where Burton has seen most of its growth and prosperity.

In 1985, Jake and wife Donna moved to Europe in hopes of making Burton Snowboards recognized as a global business. They are now doing business in over 35 countries. Besides the Burlington office, they now have headquarters in both Japan and Austria.
Even with all the growth Burton Snowboards has seen, it remains a private company. Jake Burton Carpenter still owns and is a very big part of the company, working and testing everything the company puts out.

**Mission of Burton Snowboards**

Jake Burton maintained many of the ideals he started the company with. Initially, he wanted to do things differently and stay away from corporate America. Burton Snowboards has done a pretty good job of this. Although Burton does not have an explicit mission, the company has a clear direction, dedication, and culture. Burton Snowboards has had the privilege of being a leader in the industry since its inception. They work hard to maintain that foothold. This is best illustrated on their website:

**THE COMPANY**

We stand sideways.
We sleep on floors in cramped resort hotel rooms.
We get up early and go to sleep late.
We've been mocked.
We've been turned away from resorts that won't have us.
We are relentless.
We dream it, we make it, we break it, we fix it.
We create.
We destroy.
We wreck ourselves day in and day out and yet we stomp that one trick or find that one line that keeps us coming back.
We progress.

Burton Snowboards is a rider driven company solely dedicated to creating the best snowboarding equipment on the planet.

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

As stated above, Jake Burton and all employees at Burton are committed to making the world’s best snowboards and snowboarding equipment, to growing the sport of snowboarding, and staying committed to riders and riding. This commitment is evident
throughout the organization. It is baked into their culture and a large part of many of the
employees’ lives. You do not have to ride snowboards to work at Burton, but many do
and it is part of the organization. If more than two feet of snow falls, all employees are
encouraged to go snowboarding. The employees’ passion for the sport spills over in their
dedication for their jobs.

It is refreshing to see a company grow and expand so much, yet still stay
committed to their original purpose. Granted, these days Jake Burton is afforded many
more luxuries than he had in the early years, but his drive and motivation have not
changed. Currently Jake, Donna, and their three sons are traveling the world
snowboarding on 6 of the 7 continents. During this tour, Jake plans to connect with
Burton partners and team riders worldwide as they test new products on a vast array of
terrains. Jake says, “By riding all over the planet, I’ll be developing a very good
understanding of what it takes to be a more effective global company. It will be huge to
immerse ourselves in the European, Japanese, and Southern Hemi snowboarding cultures
around other areas we’re visiting, and remind ourselves that there’s a lot more to the
world than North America.” Jake Burton and Burton Snowboards have seen positive
growth and feedback and will more than likely continue to in the foreseeable future.

Methods of Corporate Social Responsibility at Burton Snowboards

As stated, Burton Snowboards does not have a mission statement to measure its
performance other than the fact that they are always working to be the best. This does
not mean that there is no direction or long-term initiatives within the organization. After
Burton started to make a sound profit in the early to mid-nineties, its managers decided
that they wanted to do something to give back to the community. They decided that the best way they to accomplish this would be through giving the sport itself.

In 1995, Burton founded *Chill*. The initial goal of *Chill* was to provide inner-city kids in the Burlington area the opportunity to snowboard. Through providing equipment and instruction this program became a huge success that was more powerful than Burton ever imagined.

*Chill* operates as a non-profit organization, with their social mission statement as their mission. As stated by Jenn Davis, *Chill*’s mission is: To provide troubled kids with a chance to succeed through the sport of snowboarding. As *Chill* began to grow, they quickly realized that they wanted to be able to provide this program to kids in more areas than just Burlington. This winter *Chill* added Denver, as their tenth *Chill* city. *Chill* serves as an international intervention program that provides 10 to 18 year old underprivileged children. Participants in *Chill* include at-risk children in group homes, foster care, children with addictions, or emotional/behavioral problems, children on probation and from alternative schools. This program provides them with the chance to learn the confidence that goes along with overcoming obstacles. This is done by creating a situation where they get to escape the city and spend time in a pristine and natural environment once a week for six weeks. Through using instruction of snowboarding as a vehicle, they learn many important lessons such as: confidence, self-esteem, patience, respect, courage, persistence, pride and responsibility. Some of these lessons are the focus of one of the trips to the mountain while others are ingrained in the activity of learning how to snowboard and working with others.
So far Chill helped 8,300 kids in Burlington, Toronto, Seattle, Salt Lake City, Los Angeles, Chicago, Washington, D.C., Boston, and New York. This will be the tenth year for Chill and with ten cities now, Chill boasts a grown rate of one city a year and will help 1,700 kids this year alone! After Chill broke away from Burton and became a non-profit they secured additional funding from various corporate sponsors, foundations, and individuals. Burton’s donations to Chill still make up half of their yearly budget. Denver will be the first program to start with all local support and no dollars from Burton. Clearly, this is a great program, which sets its sites very high.

Motives of Corporate Social Responsibility at Burton Snowboards

Burton and Chill are still very close and always will be according to sources on both sides. Chill’s offices are still within the Burton building in Burlington, Vermont. Local Burton employees learn about the program during orientation and many volunteer with various Chill activities throughout the year.

These two companies both benefit from their connection to each other. Chill provides Burton with a very directly aligned cause for philanthropic donations. Even though Burton provides about half of the yearly budget, a percentage that will surely start to decrease as Chill grows, they will always be its founders. The motives of the director of the Chill program are to continue to grow every year and to be able to reach more children in need of some help and guidance.

From what I was told at Burton, there are many loyal Burton customers who support Burton because they believe and support what they do through the Chill program. Yes, Chill is about snowboarding, but above that it is an international intervention
program. Burton has been committed to Chill for ten years now and still plays a very large role in the organization.

Chill also enjoys the perks of being associated with the largest snowboarding manufacturer and industry leader. Some of Chill’s sponsors attach themselves to the program because of its relationship with Burton. Chill often travels with the Burton team to events to help promote the organization and build support.

**Metrics of Corporate Social Responsibility at Burton Snowboards**

Being a non-profit company, Chill is not faced with the need for financial justification faced by many other organizations. They are fully dedicated to making Chill the best it can be. Even though the Chill director did not talk about metrics, their growth speaks for itself. Averaging a city a year since their inception, Chill has grown immensely and with obvious success. Some of the statistics from the 2004 season provided in the Chill 2004 Story Album include:

- 96% of our partner agencies across all nine cities tell us that most or all of our kids show improved self-esteem well after the six-week program is complete
- 80% of our partner agencies across all nine cities tell us that most or all of our kids show improved attitude well after the snow melts
- 57% of our partner agencies across all nine cities tell us that most or all of our kids improve their academic performance as a result of their time with Chill.

Although these statistics are not conclusive, they do show the positive effect of the program Chill has established.
**Additional CSR activities at Burton Snowboards**

*Chill* is the largest philanthropic activity that Burton is a part of, but there are many other things the company does that makes them socially responsible whether they think of it that way or not. For one, as noted above Burton treats their employees very well, with good salary packages and many perks. They work on the morale of their employees with several programs like allowing them to bring their dogs to work, giving them time off to snowboard, and free season’ passes at local resorts.

The employees and company also make annual donations to the United Way. I was told they did this more due to social pressures than any other reason. However, it is still a socially responsible action.

There is one other program worth mentioning that Burton set up in 1998: “Learn To Ride”. Although this is not a non-profit and does not provide free services, it still provides a social service. Burton is the only company in the industry focusing on beginner snowboarders. They are alone in looking at beginner instruction methods and beginner-appropriate equipment. This program was created to help beginning snowboarders get out there on their first day and enjoy the sport. Burton partnered with the American Association of Snowboard Instructors, the Canadian Association of Snowboard Instructors, and major resorts to create this program.

A final activity they participate in that some consider being socially responsible is sponsorships. Burton sponsors many snowboarders around the world, providing them with the equipment and opportunities that would otherwise not be available.

**Conclusion**

Burton seems to be a great company that is dedicated to many socially responsible activities. They help to prove that you can be private and do the right thing. They also
illustrate that just because a company does not have an extensive well defined CSR
program or mission, it can still be socially responsible.

**Stowe Mountain Resort**  
*Kristy Hart*

Stowe Mountain Resort (Stowe) located at the base of Vermont’s highest
mountain, Mount Mansfield, aspires to provide world class experiences operating as a
four season destination resort. Although best known as a ski resort, Stowe also offers
activities in the ‘off season’ in the spring, summer and fall. Off-season activities include
golf, alpine slides, hiking and a variety of fall foliage amenities.

**History of Stowe Mountain Resort**

Today Stowe Mountain Resort exists as part of the Mount Mansfield Company,
which is a subsidiary of American International Group (AIG). This is a unique pairing
that goes back to one of the company’s founding fathers. (D. Merriam, personal
interview, November 2, 2004) The history of Stowe Mountain Resort goes back to the
1930’s with the beginning of trail cutting programs by Roosevelt’s Civilian Conservation
Corps (CCC). The CCC developed steep challenging trails that exist today and are the
essence of what makes Stowe Mountain Resort the ‘best skiing in the East’. In the late
thirties and early forties as men returned from the war in Europe and wanted to explore
their passions for the great outdoors, Stowe was fortunate to have three instrumental men
converge on this small New England Town. Perry Merrill, Sepp Ruschp and C.V. Starr
came from all different backgrounds but have left a legacy at Stowe as the fathers of its
fame and fortune. While Perry Merrill, a Vermont state forester, oversaw the important
trail cutting, Sepp Ruschp was busy developing the Mount Mansfield Company “into one
of the leading ski areas in the country”. (www.ridestowe.com) The final key piece included C.V. Starr and his financial assistance in installing the first lift operations on the mountain. It is important to note that C.V.’s wealth came from his insurance business, which would eventually become AIG (www.ridestowe.com).

The 1950s through the 1980s saw many amazing developments and expansions with Stowe including its establishment as a premiere destination resort for New York and Boston guests, as well as the creation of a nationally ranked ski school for instruction of these guests. Stowe installed more lifts and purchased land at Spruce peak, which further allowed the resort to establish itself as a premiere ski resort in the industry. Important developments in the 1990s included the installation of the high speed quad chairs and the ‘world’s fastest gondola’ (www.ridestowe.com). Also important to note, in 1989 Stowe Ski and Snowboard school began to offer adaptive ski lessons for guests with disabilities. (J. Harissis, personal interview, November 2, 2004)

**Mission of Stowe Mountain Resort**

A clear and concise message comes through in Stowe’s mission; ‘to operate as a world class four season destination resort providing world class experiences’. (D. Merriam, personal interview, November 2, 2004) Stowe lives out this mission in four ways, as defined in the ‘What we’re all about’ section of their website. *People, history, place and energy* define the Stowe experience. (www.stowe.com) People include the guests that visit the area, and locals who work and live in the Stowe community. The people of Stowe play an integral role in the livelihood of the resort’s business, without people there would be no Stowe. Stowe recognizes its long and prominent *history* in both the ski resort industry and New England history. Stowe continues to acknowledge this
important part of its culture, and executes all business activities with this history in mind. The place of Mount Mansfield offers a spectacular backdrop and playground for activities at Stowe Mountain Resort, which the staff, guests, and community of Stowe both respect and cherish. Stowe respects to the environment in which it exists with the understanding that this preservation allows it to look forward to the future. Finally, the energy of enjoying the Vermont outdoors embodies Stowe. Those who visit and those who ‘make their living’ working at Stowe understand the impact energy has on the Stowe experience. Stowe Mountain Resort holds all four of these pieces close to its culture and mission as it provides world class experiences to its guests.

Methods of Corporate Social Responsibility at Stowe Mountain Resort

Much to the surprise of many people with whom I shared my project idea, Stowe does participate in a variety of CSR activities. The most important thing to emphasize is that Stowe tends to shy away from the label of ‘social responsibility’, a common habit of other companies we studied during this project. As with many companies, Stowe cautiously and quietly executes the activities that positively impact the environment, the community around them and the world as a whole. For the simplicity of this paper, we will refer to these activities as CSR, even though Stowe does not.

The focus of my project looked at a particular activity in the ski and snowboard school, however it is important to note the other admirable CSR activities in which Stowe participates. Stowe acknowledges that in order for the ski industry to survive inevitably negative environmental impacts must be made. Snowmaking, parking, and lift operation expansions all change the environment from its original natural state. Stowe attempts to mitigate its impact through the use of low impact programs with snowmaking and, off
season activities. Stowe has won numerous environmental awards in the ski industry for these efforts. (www.skimag.com)

Another remarkable and little known CSR activity that Stowe recently participated in was the Lamoille County “Adolescents, Students and Adults for Progress” (ASAP). This program partners Stowe with individuals through a partnership with Central Vermont Adult Basic Education. Stowe provided each participant with work training, mentoring, wages and a season pass. The partnering agency assisted with oversight and mentoring as well. The graduates of the program earned their high school diplomas or equivalent and finished the program with future work or career plans (Wise p. 1).

Although these activities at Stowe are highly commendable, the focus of my study of Stowe is its adaptive ski lessons. Adaptive skiing allows people with any type of disability to take part in this exciting sport. Adaptive skiing comes in a variety of forms, but commonly skiers with disabilities are divided into two groups: stand up and sit down. Different equipment is available for each type of student. With five years experience as an adaptive ski instructor, I can safely say that most anyone can ski. Adaptive skiing provides the opportunity to explore a new sport, to fly down a mountain and to break through many physical barriers.
Adaptive ski racing with a ‘sit down’ student and bi-ski

This sport is amazing for all involved. Students who cannot use their legs or arms can ski down a mountain on a piece of equipment such as the bi-ski (pictured above). The opportunities are endless and unfortunately too plentiful to fully articulate in this paper.

Adaptive skiing at Stowe

Stowe offers amazing opportunities for people with disabilities through private lessons at the Ski and Snowboard School. A guest with a disability or a family member with a disability simply calls Stowe Mountain Resort main number, and then is directed to the private reservation desk where they can book the adaptive lesson. (J. Harissis, personal interview, November 2, 2004) This model is significantly different from many local adaptive ski lessons. Many other mountains offer adaptive skiing only through a separate non-profit organization that operates at the mountain. Dave Merriam, Stowe’s
Ski and Snowboard School Director explained that “we don’t wish to use the adaptive lessons as a way to differentiate Stowe from other ski schools or adaptive lessons; we simply saw a need from our guests and wanted to address it”. By having the adaptive lessons as an extension of the traditional ski school Stowe sends a message (whether intended or not), that the guests at Stowe Mountain Resort will be offered the same experiences and opportunities regardless of their unique challenges. This ‘mainstreaming’ model sets Stowe apart in a very special way.

The lessons at Stowe are taught privately with at least one or more specially trained instructors who have experience in teaching people with disabilities. Each lesson includes instruction, lift ticket, all necessary adaptive equipment and lunch. Although most lessons are private, some guests may request to ski with their family or have to the child integrated into a group lesson with siblings or to promote socialization (“Adaptive brochure”). Ultimately the lessons are tailored to the needs and goals of the student, thus providing a world class experience.

Another important difference of Stowe adaptive lessons exist in their pricing. Stowe charges a private rate for these lessons with ranges from $65 for one hour, up to $257 for a full day (“Adaptive brochure”). Although these prices are reduced from the traditional private lesson rate, (prices from $93 to $340), among adaptive lessons in the East, these prices are relatively high. (www.stowe.com) This pricing challenge was made clear by the ski school director in my interview. He was very upfront in stating that these lessons are offered as part of the ski school, which in turn is part of the entire resort. The resort exists in a volatile industry and so it must continue to focus on the bottom line. Though Stowe, as a subsidiary of AIG, is not pressured to operate for high profit, they are
expected to be self sustaining. In the ski industry presents constant challenges (D. Merriam, personal interview, November 2, 2004).

**Motives of Corporate Social Responsibility at Stowe Mountain Resort**

When one considers all of these challenges, one wonders; *why do they do it?*

Why offer lessons at a reduced rate to a small fraction of the guests who require special training and expensive equipment? Dave, along with the adaptive program coordinator, Jane Harissis, both agreed that offering adaptive lessons is important to meet the needs of the guests of Stowe, the passion of instructors, as well as to provide awareness and education to the community. Dave and Jane agree that the unique needs of such lessons can be challenging to justify and sustain at times; however, Dave clearly feels that adaptive lessons are part of the fabric of the ski and snowboard school. The ski and snowboard school exists at Stowe to meet the needs of the guests. Some guests have special needs that Stowe feels are important to address. Many benefits flow from these lessons. Staff of the mountain, (including lift operations and the ski patrol) now is more sensitive and aware of the needs and *abilities* of people with disabilities. Although skiers with disabilities are not trying to ‘make a statement’ or ‘prove something’ their participation alone makes a difference in the communities they grace.

**Metrics of Corporate Social Responsibility at Stowe Mountain Resort**

As with any CSR activity Dave and Jane admit measuring success remains a challenge. The hard evidence suggests that the adaptive lessons clearly meet a need with an increase in the past five years with approximately a 1000% increase in adaptive lesson hours annually! Dave also reported that the ski and snowboard school measures the
lessons through guest and staff feedback, rates of return and, of course, profitability. Stowe observed a 10% increase in ski school profits last year alone (D. Merriam, personal communication, November 7, 2004).

**Conclusion**

In conclusion, Stowe Mountain Resort meets the criteria of successful CSR activities in many ways. With an emphasis on the adaptive ski lessons, Stowe really addresses each of the four areas in the Carroll CSR definition. First, Stowe treats these lessons as part of its profitable operations and charges a competitive price which meets the essential demand for economic responsibility. Stowe clearly operates within the laws, such as the American’s with Disabilities Act, since it offers opportunities for people with disabilities to enjoy snow sports. The ethical responsibility piece of the Stowe adaptive lessons results from its mainstreaming of these ‘special’ lessons. Guests of Stowe, regardless of ability go to the same private lesson desk to arrange for their lesson. The particular dignity and equal access this affords to people with disabilities really goes beyond simply what must be done. Finally the reduced rate, which Stowe charges for these lessons, addresses the philanthropic piece of Carroll’s definition.

As with any activity or program in a for profit business, it is not easy to do the right thing. Stowe faces challenges from the stakeholders who want to see more profit, from the instructors who want to see more adaptive lessons and from the adaptive community, which wants to see lower rates. In spite of these conflicting needs, Stowe makes these lessons successful. Stowe continues to grow and develop the opportunity for people with disabilities to enjoy this resort year after year.
Ben & Jerry’s Homemade, Inc.

Sara Mellinger

Ben & Jerry’s Homemade, Inc. is a Vermont-based manufacturer of ice cream, frozen yogurt, sorbet, and novelty products. The company was founded in 1978, by Ben Cohen and Jerry Greenfield. They started out as a small ice cream shop operating out of a renovated gas station in downtown Burlington. They had originally hoped to open a local ice cream shop in a warm, college town. However, upon doing some research they discovered that their idea was anything but novel. Most warm, college towns in the United States already had successful ice cream parlors! So instead, Ben and Jerry dropped the ‘warm’ requirement and settled into Burlington (Cohen, 17).

Ben & Jerry’s has grown substantially in the past twenty-six years. Their products are now distributed worldwide in a variety of venues including grocery stores, restaurants, and scoop shops. The company also went through a significant change when acquired by Unilever. Ben & Jerry’s has been a wholly-owned subsidiary of Unilever since August 2000. With this change came both positive and negative effects, which will be discussed later in this section. But first, let’s start at the beginning.

Mission of Ben & Jerry’s

Ben and Jerry founded their company with three things in mind: making a good product, selling it for a profit, and giving back to society. The first two goals are typically found in the mission statements of most product-oriented companies. However, it is the third goal that made Ben & Jerry’s rather unique back in the late 1970s. Ben and Jerry truly wanted to improve the quality of life of all those they could reach. That is
why they incorporated this goal into their mission statement. Formally stated, Ben & Jerry’s mission statement is:

**Economic:** To operate the Company on a sustainable financial basis of profitable growth, increasing value for our stakeholders & expanding opportunities for development & career growth for our employees.

**Social:** To operate the Company in a way that actively recognizes the central role that business plays in society by initiating innovative ways to improve the quality of life locally, nationally & internationally.

**Product:** To make, distribute & sell the finest quality all natural ice cream & euphoric concoctions with a continued commitment to incorporating wholesome, natural ingredients & promoting business practices that respect the Earth & the Environment” ([http://www.benjerry.com](http://www.benjerry.com)).

It is interesting to note that Ben & Jerry’s three-part mission loosely parallels Archie Carroll’s four-part definition of Corporate Social Responsibility (CSR): economic, legal, ethical, and philanthropic. The social portion of Ben & Jerry’s mission will be explored for the remainder of this section. The bulk of the information provided came from an interview on November 1, with Ms. Yola Carlough, Head of the Social Mission at Ben & Jerry’s. Her information was also supplemented with data from the Social & Environmental Assessment 2003 ([http://www.benjerry.com](http://www.benjerry.com)).

**Motives of Corporate Social Responsibility at Ben & Jerry’s**

In order to better understand the social mission at Ben & Jerry’s, it is important to learn its origin. As stated earlier, Ben and Jerry are responsible for initiating a social mission at the company. They were visionaries of sorts, committed to a new way of thinking in the business world: they wanted to give something back. They fully recognized that businesses do most of the social and environmental damage in the world. They also realized that businesses have an abundance of wealth and power worldwide. Due to these two facts, they were motivated to reduce the impact that their business would have on society. Ben and Jerry wanted their company to be held responsible for
what they did with their wealth. Not only did Ben & Jerry’s take on an admirable mission, but they were careful to proceed in a thoughtful way.

Methods of Corporate Social Responsibility at Ben & Jerry’s

Ben and Jerry were quick to align their actions and their social causes with their brand. They did not simply search for causes haphazardly, but instead focused on causes that were in some way related to ice cream. Their philanthropic activities range from giving away free ice cream to using select scoop shops to bring job training opportunities to the underserved and disenfranchised. One of the impressive characteristics shared by many of Ben & Jerry’s social mission activities is their longevity. Many of their events are long-standing traditions. For example, Free Cone Day dates back to May 5, 1979. Ben and Jerry decided to give away free ice cream in celebration of being in business for an entire year. This is still an annual tradition today, with 871,271 free cones given out worldwide in 2003 (http://www.benjerry.com).

Ben & Jerry’s social mission activities definitely extend well beyond ice cream giveaways. In fact, they focus on three main areas: economic and social justice, community, and the environment. Ben & Jerry’s takes a fairly systematic approach of identifying potential projects. They take a look at their core competencies and resources, and try to find ways to do them in a fashion that has a more positive impact on society, while maintaining product quality.

One major portion of Ben & Jerry’s operations is the purchasing of ingredients. The company has explored several different methods in order to purchase ingredients in a way that has a positive social impact. This is referred to as the Program for Socially-
Aligned Sourcing. Through this program, Ben & Jerry’s looks for socially responsible suppliers that they can partner with while not passing on any extra expense to the consumer.

Ben & Jerry’s first focused on the material the company uses the most: dairy! They made a commitment to St. Alban’s farmers in 1997 to pay them a premium for dairy products while the farmers pledged not to use rBGH on their cows. rBGH is a growth hormone that causes cows to produce more milk. Ben & Jerry’s is against the use of rBGH because they believe there is not a need for excess milk, they support the humane treatment of animals, and they have concerns about rBGH and related chemicals being passed on to the consumer via the milk.

In addition to milk, Ben & Jerry’s is finding socially responsible ways to purchase chocolate, vanilla, coffee, bananas, and strawberries. Most wholesalers do not pay farmers a fair price for their products. Ben & Jerry’s is doing their part to ensure these farmers receive a livable wage for their products. Basically, there is one individual at Ben & Jerry’s that scours the world looking for democratically run co-ops or farming associations that are trying to look at the sustainability of their future. Ben & Jerry’s not only pays them a premium for their products, but they also help them improve their business. Ben & Jerry’s teaches the farmers about long-term contracts and helps them with innovative financing. This fiscal improvement then allows them to spread out the money they earn between harvests. In the coffee market specifically, Ben & Jerry’s will soon have Fair Trade Certified suppliers. They actually already pay farmers a fair wage, however it will soon be official through a global fair trade organization. This change will help such organizations inform consumers about the sources of their ingredients.
In addition to paying farmers livable wages, Ben & Jerry’s also carries out socially-aligned sourcing by purchasing ingredients from suppliers that have their own social mission. One such supplier is Greyston Bakery, which is owned by the Greyston Foundation of Yonkers, New York. This organization manages businesses and programs whose goals are personal empowerment and social improvement. Ben & Jerry’s purchases a portion of the brownies used in *Chocolate Fudge Brownie* and *Half Baked* from Greyston Bakery. Although Ben & Jerry’s pays a premium for these brownies, the extra expense is not passed onto the consumers. However, that additional money earned by Greyston Bakery has been used to provide job skills to individuals who face barriers to employment. Ben & Jerry’s also provided technical advice to Greyston during the construction of a new plant that will more efficiently produce brownies.

Another unique social mission extension of the Ben & Jerry’s brand is the PartnerShop Program. PartnerShops are owned and operated by nonprofit organizations. Ben & Jerry’s waives the franchise fees for these scoop shops and also provides training and support for the nonprofit. In turn, the PartnerShops provide job training skills to individuals in the community, often focusing on disenfranchised youth. A lot has been done in 2003 to help this program grow. Many PartnerShops have been paired with traditional scoop shops in order to ensure their success. The goal is to eventually have a PartnerShop in every city that has a traditional scoop shop. Through these PartnerShops they hope to bring wealth to all members of these communities.

**Employee Involvement**

All of the activities mentioned above are performed in their day-to-day operations at Ben & Jerry’s. However, it is not just the company itself that is socially responsible,
the employees exemplify these traits as well. Everyone working at Ben & Jerry’s has many opportunities to give back to society. For example, franchise field managers that advise traditional scoop shops also help the PartnerShops run their operations. A number of people that work in the manufacturing plants helped employees of Greyston bakery understand how to make a consistent, quality product. Each and every employee of Ben & Jerry’s also fills out a personal development plan (PDP). The PDP has both business targets and personal social mission targets. The latter can be fulfilled by either volunteering outside of work, or by taking time out of the work day to do community service.

In order to encourage employees to go out into the community, each Ben & Jerry’s site has a Community Action Team (CAT). The CAT organizes a project every year, in which the entire site closes down for the day and the employees work on things such as clearing trails or volunteering at a local food shelf.

The social mission is also carried out within the four walls of the company sites via the “Joy Gang”. The Joy Gang organizes employee morale events such as Halloween celebrations and the “Festival of Toast”. The latter entails everyone bringing in their favorite breads and toppings for a company breakfast. The “Joy Gang” has also brought smiles to employees’ faces by naming and decorating the conference rooms at the Central Support Offices in South Burlington, VT. Here, for example, is the Half Baked Conference Room:
Environmental Programs

A majority of the interview with Ms. Carlough centered on the community and economic/social justice aspects of Ben & Jerry’s social mission. However, she did briefly touch on some of their environmental activities. Ben & Jerry’s goal is to reduce the negative impact that their operating activities have on the environment. They have been working with Efficiency Vermont for the past year and a half to try and identify the areas that are generating negative impacts. Efficiency Vermont and Ben & Jerry’s are working together to setup metrics, look at technologies, and come up with alternative methods in order to reduce these impacts. Implementation of these new strategies is planned for 2005.

In addition to their work with Efficiency VT, Ben & Jerry’s developed an Energy Statement in which they pledge to reduce carbon dioxide emissions by 10% by 2007 (as compared to 2002 levels). One of the focus areas in reaching this goal is alternative methods of refrigeration. Ben & Jerry’s is currently partnering with Penn State
University to develop a commercial cooling cabinet that uses sound waves for cooling instead of gases (thermoacoustic refrigeration). Along with various projects aimed at reducing emissions, Ben & Jerry’s is attempting to educate their employees, customers, and suppliers in ways that they can reduce their own emissions (http://www.benjerry.com).

**CSR Promotion**

All of these examples of Ben & Jerry’s social mission activities align with the company brand. As mentioned in the literature review, this is a key aspect of “cause-branding”. However, Ms. Carrough was reluctant to use that term when referring to Ben & Jerry’s marketing scheme. She preferred to refer to Ben & Jerry’s as a “values-led business”. She admits that having social and environmental programs tied to their ice cream does result in a positive marketing byproduct. However, that is certainly not the reason that they perform these activities. She stressed that Ben & Jerry’s has a long-term commitment to their social mission, and that “cause-branding” can often have the stigma of only being committed in the short-term. Ms. Carough was quite adamant that the only way to have a lasting, positive social impact was to integrate CSR activities into day-to-day activities and to stick with a cause over a substantial period of time.

As just mentioned, Ms. Carough does admit to the positive marketing byproduct of having a social mission. The social mission directly affects many stakeholders. It corresponds to employee morale, recruitment, and retention rates. Many franchisees state that Ben & Jerry’s commitment to their social mission is one of the reasons that they entered into business with them. Ben & Jerry’s also enjoys consumer loyalty, brand support, and media support directly from their social and environmental activities.
However, even in light of all of these benefits, Ben & Jerry’s is careful to evaluate the motives for all of their programs to ensure that they are consistent with their brand and their three-part mission.

In addition to cause-branding-like activities, Ben & Jerry’s also does various forms of venture philanthropy. One such example is their annual donation to the Ben & Jerry’s Foundation, which is actually a separate entity from the company. Each year they donate at least $1.3 million dollars, and that amount is adjusted upward based on annual sales dollars. The foundation uses this and other donations to help address the causes of social issues. The Ben & Jerry’s Foundation, for example, supports organizations that teach literacy and job skills.

Since Ben & Jerry’s has such an extensive CSR program, they have been able to participate in activities that are farther removed from their ice cream branding strategy. However, all company actions are consistent with their mission. The Foundation, in this example, is carrying out the social mission by improving the quality of life for society.

Brand and mission consistency is so important to Ben & Jerry’s that they have formed the Values Led Steering Committee (VLS) to ensure that consistency is maintained. The VLS is made up of employees from all areas of the Ben & Jerry’s community including, but not limited to, marketing, materials, research and development, and social mission. This committee evaluates all programs that Ben & Jerry’s plans to undertake, and makes recommendations to company executives on whether or not these programs are consistent with the three-part mission. These decisions can be rather challenging, especially when the identified mission-consistent option is incredibly expensive.
An excellent example demonstrating the VLS process is when Ben & Jerry’s decided to put a tamper evident seal on all of their ice cream pints. The industry standard material for this seal was PVC. However, PVC is actually known as a poisonous plastic since it is dangerous when incinerated. This inherently conflicts with the portion of Ben & Jerry’s mission that states commitment to the Earth and the Environment. The only feasible alternative to PVC was the material PETG. It may appear that PETG was a simple choice, but financial considerations complicated the matter greatly.

PETG was significantly more expensive than PVC, so many raised concerns that PETG did not make any financial sense. So the options were weighed by the VLS. The VLS had trouble reconciling using a poisonous plastic PVC seal on what has become known as the environmentally friendly “eco-pint”! That simply did not make sense. Thus the VLS recommended that PETG be the material of choice. Even though that material was financially more expensive, the costs of using PVC would have been substantially higher in terms of inconsistency with the brand and mission. This non-standard ROI is how Ben & Jerry’s decided to use PETG, and this is how they make many other decisions about their materials and operations.

Ben & Jerry’s is not only diligent about choosing which programs to participate in, but they are also particular in how they promote them. Ben & Jerry’s uses very little mainstream advertising. In fact, they do not spend a significant amount of money on advertising in general. Their goal is to spend as much money as possible on the program, cause, or nonprofit organization itself. They truly want to support a cause; they do not want to exploit a cause just for a marketing benefit. Again, this idea goes back to Ben & Jerry’s being a “values-led business”. When Ben & Jerry’s does advertise their products,
and their social and environmental programs, they do so in rather non-traditional ways. They try to advertise in an interesting fashion relevant to the consumers that they are trying to reach. Ben & Jerry’s has found that one of the best places to advertise is directly on their ice cream pints! In fact, Ms. Carlough referred to their pints as “valuable real estate” for advertising. Luckily, I just so happen to have two pints in my freezer in order to demonstrate some of the messages that appears on Ben & Jerry’s pints:

“If you ask us, this is quite simply the richest, butteriest most perfectly-roasted pecan-iest Butter Pecan ice cream in the world. Best of all, a portion of this flavor’s sales proceeds will benefit the Tom Joyner Foundation’s scholarship program for students attending Historically Black Colleges & Universities. Thanks, from all of us at Ben & Jerry’s.” (from the back of Butter Pecan)

“After two fans suggested we name a flavor after guitarist Jerry Garcia, we created this euphorically tasty flavor. We think Jerry’d be proud we switched to this unbleached paperboard “eco-pint.” Bleaching paper with chlorine releases different dioxins, one of which the EPA identifies as the most toxic ever created. This eco-pint is part of our effort to use environmentally sound packaging. Enjoy! Thanks, from all of us at Ben & Jerry’s. To learn more, visit us at www.benjerry.com” (from the back of Cherry Garcia)

**Metrics of Corporate Social Responsibility at Ben & Jerry’s**

As seen throughout this section, Ben & Jerry’s has a large number of programs and activities that follow from their social mission. They have done a tremendous job in using their wealth and power to make a positive social impact in the world. However, one cannot help to ask how large that impact has been. That is one question that Ben & Jerry’s still struggles with answering.

As mentioned in the literature review, measuring the effects of social mission activities is extremely challenging; this holds true for Ben & Jerry’s. There are two main questions that Ben & Jerry’s is currently grappling with: *whose goals to use* and *what metric to use*. The first question is complicated by the fact that Ben & Jerry’s partners with a number of different organizations, many of which are nonprofits. The goals of the
nonprofit may not always align with those of Ben & Jerry’s. This makes it difficult to determine success. Is a program successful if the nonprofits’ goals are met, or must Ben & Jerry’s goals also be satisfied?

Even when this question is finally answered, then next challenge will be finding a unit of measure that accurately reflects the outcomes of social mission activities. Monetary metrics may be the answer to create comparisons between CSR activities and the bottom line. However, it can be extremely difficult to assign monetary values to things such as job training and education for teenagers.

While trying to answer these questions, Ben & Jerry’s has moved forward by at least measuring the inputs to their CSR activities. The following chart shows examples of inputs such as dollars spent and employee participation (http://www.benjerry.com):

<table>
<thead>
<tr>
<th>Funds Disbursed</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Grant Making Committee</td>
<td>$755,900</td>
<td>$933,300</td>
<td>$951,873</td>
</tr>
<tr>
<td>Number of grant recipients</td>
<td>82</td>
<td>92</td>
<td>91</td>
</tr>
<tr>
<td>Community Action Teams</td>
<td>$193,320</td>
<td>$194,539</td>
<td>$187,100</td>
</tr>
<tr>
<td>Number of grant recipients</td>
<td>210</td>
<td>211</td>
<td>181</td>
</tr>
<tr>
<td>Other Grants (Corporate)</td>
<td>$80,620</td>
<td>$80,200</td>
<td>$101,000</td>
</tr>
<tr>
<td>Number of recipients</td>
<td>36</td>
<td>43</td>
<td>28</td>
</tr>
<tr>
<td>Employee Matching Gift Program</td>
<td>$30,880</td>
<td>$29,986</td>
<td>$25,871</td>
</tr>
<tr>
<td>% of staff participation</td>
<td>13%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Total granted</td>
<td>$1,060,720</td>
<td>$1,144,025</td>
<td>$1,165,844</td>
</tr>
</tbody>
</table>

Ben & Jerry’s also tracks statistics such as gender balance within the workforce, number of employees receiving additional training, and workplace health and safety performance.

On the environmental side of CSR, Ben & Jerry’s has been more successful in tracking both inputs and outcomes of their activities. This is of no great surprise since
environmental effects are much easier to measure than social impact. However, Ben & Jerry’s succeeded in not only tracking their environmental improvement efforts, but also set some goals. The following are examples of both tracking data and metrics for environmentally-related activities (http://www.benjerry.com):

<table>
<thead>
<tr>
<th>Diesel Emissions (tonnes)</th>
<th>Vermont's Finest</th>
<th>DC Shuttles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucks</td>
<td>2001</td>
<td>2002</td>
</tr>
<tr>
<td>Hydrocarbons</td>
<td>.21</td>
<td>.17</td>
</tr>
<tr>
<td>Carbon Monoxide</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Carbon Dioxide</td>
<td>357</td>
<td>289</td>
</tr>
<tr>
<td>Nitrogen Oxide</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Miles Traveled</td>
<td>175,713</td>
<td>142,133</td>
</tr>
</tbody>
</table>

Much of the measuring and tracking of social metrics that Ben & Jerry’s has done over the past few years resulted from its acquisition by Unilever. Unilever motivated Ben & Jerry’s to gain a better appreciation for measurement. In addition, Ben & Jerry’s started to focus more on financials since the acquisition. One of their main goals now focuses on safe, sustainable, and affordable food systems. This diverted their attention slightly from CSR activities, but not substantially. In fact, Unilever has extensive CSR programs including an extraordinary global environmental program. This presents a tremendous opportunity for Ben & Jerry’s to network with these programs and extend their own social reach worldwide. Ben & Jerry’s also enjoys a much larger financial
backing now as part of Unilever. They have more leverage to invest money into CSR activities since being part of a large organization.

Alternatively, there have also been some drawbacks from the acquisition, with the most substantial being cutbacks. There was a reduction in employees at Ben & Jerry’s which obviously impacted employee morale. Moreover, some cost-cutting measures have forced Ben & Jerry’s to become more creative in their project management due to having both fewer dollars and people.

**Conclusion**

Overall, Ben & Jerry’s appears to be a successful business model for incorporating a social mission with a successful product. They have managed to do this by ensuring that CSR activities are a part of daily operations, instead of having isolated programs. Ben & Jerry’s refers to this type of operation as a values-led business:

> “Values-led business is based on the idea that business has a responsibility to the people and the society that make its existence possible. More all-encompassing and therefore more effective than philanthropy alone, values-led business seeks to maximize its impact by integrating socially beneficial actions into as many of its day-to-day activities as possible. In order to do that, values must lead and be right up there in a company’s mission statement, strategy, and operating plan.”

(Cohen, 30)

In addition to their values dictating the company’s direction, the CSR activities are all consistent with the Ben & Jerry’s brand. This allows for a strong connection with consumers, which results in customer loyalty as well as tremendous support for social and environmental causes.
Green Mountain Coffee Roasters
J. Greg Mackinnon

About Green Mountain Coffee Roasters:

Green Mountain Coffee Roasters (GMCR) is a leading national supplier of wholesale specialty coffees located in Waterbury, VT. Their largest market segments are in consumer supermarket sales and office coffee services. They also distribute through food services, an online store, mail order, and at convenience stores nationwide. Most Vermont residents have seen Green Mountain Coffee products for sale at local Shaws and Hannaford supermarkets, at Exxon/Mobil stations, and perhaps at the Waterbury company store. (GMCR Inc., 2004c)

GMCR was founded in 1981 in Waitsfield, Vermont. The business that was to become GMCR was a single café at the base of the popular Sugarbush ski resort. One day, the owners decided to start roasting their own coffee. There soon was more demand for coffee beans than for the services of the café, and Green Mountain Coffee was born. The company grew quickly over the next 12 years, and went public in 1993 (NASDAQ: GMCR). Currently, GMCR employs almost 600 people. At the time of this writing, GMCR traded at $23.61 per share, with a 52 Week High/Low of $26.44/$17.83 (GMCR Inc., 2004b)

Indicators of Success:

Last year, GMCR made $116 million net revenues and shipped 3.47 million pounds of roasted coffee. They still are in a rapid growth period; over the past four years they have averaged 14 percent annual growth in net revenues, and 15.75 percent annual
growth in roasted bean sales volume. The company has grown to the point where they now can be considered serious competition to Starbucks in the wholesale coffee market.

All of these facts demonstrate GMCR’s success as a company. They have strong annual growth in assets and revenues, and they have shown a consistent increase in shareholder value. Also, they have a distinctive brand, loyal customers, strong partnerships, and they have established footholds in diverse coffee sales markets. They continue to grow through calculated risk-taking and by maintenance of a premium product.

Even the mainstream press has recognized GMCR’s success by presenting them with several industry awards. GMCR has appeared in the Forbes Magazine “200 Best Small Companies in America” for the past five years (ranking 68th in 2003). The Society of Human Resource Management magazine ranked them as the number nine “Best Medium Company to Work for in America” in 2003. (BusinessWire, 2004b)

**New Levels of Social Responsibility at GMCR:**

GMCR has enjoyed a reputation as a socially responsible business for many years, although they do not advertise their CSR activities very publicly. In order to gain a better understanding of how and why the company has CSR programs, we met on November 5th, 2004 with Michael Dupee, the Vice President for Corporate Social Responsibility at GMCR. Mr. Dupee spent over an hour discussing his company’s CSR programs with me. He is gave highly nuanced answers to our questions. Mr. Dupee conveyed a feeling that social responsibility is a complex issue with no easy or pat answers at Green Mountain Coffee.
Mr. Dupee has been with GMCR for only six months. Shortly after coming on board, GMCR reorganized their CSR program by creating three new CSR positions (of which Mr. Dupee was one). The three new roles answer directly to Robert Stiller— the President, CEO, and founder of GMCR. The other new positions are the Director of Sustainable Coffee (Liam Brody) and the VP of Environmental Affairs (Paul Comey). The placement and credentials of these men at GMCR demonstrates that the CEO is taking the development of CSR initiatives very seriously. By having the CSR program lead answer directly to the CEO, he is given autonomy that he would not have if buried deep in the organizational structure. In Stiller’s own words, “I am very excited about the new team that we have put in place, and am confident that it will enable us to better demonstrate that sustainability and business success do go hand in hand.” (BusinessWire, 2004a)

**The Mission of GMCR:**

GMCR has a clearly formulated mission statement. The company frames its mission as a “statement of purpose and principals”. The stated company *purpose* is:

*We create the ultimate coffee experience in every life we touch from tree to cup – transforming the way the world understands business.*

GMCR identifies 15 core *principals*, which guide their business, a few of which are:

*Ethics, Sustainability, Appreciating Diversity, Continuous Learning, Business Success, Partnerships, Shared Ownership, and World Benefit.* (GMCR Inc., 2004a)

Already, we sense that there is something different about GMCR. The company purpose states that they intend to provide a premium product, but that they also wish to achieve a social goal. Most companies identify their missions as the provision of a
quality product or service as a means of generating profit. But for GMCR, while “Business Success” is key, it also is their fifth core principal.

We asked Mr. Dupee to discuss this apparent disparity between his company’s mission and the traditional goals of publicly traded companies. He feels that there really is no significant conflict. He stated that, “as a socially responsible business, you have to tell your story; but first you need to prove your viability”. Thus, he implies, GMCR does not differ all that significantly from other mainstream businesses.

In this regard, we see that GMCR is adhering to the tiered model of CSR, where economic health is the foundation, which must be in place before other socially responsible activities can take place. To the management of GMCR, business success is a necessary precursor to being socially responsible. Mr. Dupee emphasized that profitability and economic stability were key factors in assessing company performance. He states, “If we are not running a profitable and stable business, we cannot do any good for anyone.”

Motives for GMCR’s Social Mission:

The mission statement of GMCR does not provide any great insight into the motives that went into its creation great detail on the motives that drive the mission. The company mission statement and its descriptions of the various documented social programs mention GMCR’s commitment to community and sustainable development, but provide little insight into how these commitments were formed. Mr. Dupee was fairly direct in addressing this question. He told me, “I don’t think this is something that you will find in any of our official documents, but it is something of a credo around here that ‘business is about more than making money’”. He implied that the company principals
are not simply a string of words on the web site, but rather that they are an extension of the personal beliefs of the founders and managers of the company. These values have been instilled into the employees, and have become a part of the corporate culture.

Dupee cited the creation of his position at the company as evidence; “Bob Stiller, our CEO, created my position and designed it to answer directly to him.” His intended meaning appears to be that you do not create Vice Presidents to do a job to which you are not committed.

In our literature review, we came across a quote from Rick Peyser, the Vice President for Public Relations at GMCR. This quote revealed another possible motivation for the company’s CSR activities. When asked about GMCR’s philanthropic spending, Peyser said, “It's in the long-term best interest of the company” (Deatherage, 2001). It seems that GMCR has both ethical and practical motives for CSR. As we look at the CSR methods used by GMCR, we will see how both of these motives are served.

**Methods of Corporate Social Responsibility at GMCR:**

During our interview, we discussed three areas of GMCR’s CSR activities: environmental stewardship, employee treatment, and what he called “Socially Responsible Spending”. This last strategic category covers all of GMCR’s discretionary spending on local and international non-profit organizations. Our literature review did not uncover the concept of “socially responsible spending. We asked Dupee if this was similar to cause-branding or venture philanthropy. His answer set an interesting trend in the remainder of our discussion. Mr. Dupee is highly resistant to labeling the company’s CSR work. He did not want to use the terms “philanthropy” or “charitable donations” to describe their CSR ‘discretionary’ spending. He stated that these terms imply that the
company is spending money in ways that are unrelated to the business. Mr. Dupee make
the following comment about their CSR undertakings:

“We always need to ask, how does this relate to coffee; [...] how does this
relate to the business? [...] Essentially, all CSR activities undertaken at
GMCR must relate in some way to the corporate mission, and [they] ought
to/have to have some meaningful and measurable long term benefit to the
company or to our stakeholders: either financial or otherwise.”

**Environmental Stewardship at GMCR:**

GMCR employees constantly are seeking ways in which they can reduce the
impact of their business on the environment. Before implementing an environmental
program, the company does a cost/benefit analysis to see if newly identified
environmental practices can be implemented economically. If the new practice cannot be
implemented owing to costs, the idea will be filed away for future review. If future
technologies make the new practice feasible, it then will be implemented.

An example that Dupee cited was the composting of “chaff”, a biodegradable
byproduct of the coffee roasting process. In the past, GMCR sent chaff to the landfill.
Although chaff is biodegradable and causes little harm in landfills, the company
recognized that a more sustainable practice would be to compost the chaff, but shipping
costs to implement this practice were high when compared to its benefits (and shipping
itself entails risks as chaff can fly from the truck). It was felt that chaff was doing
insufficient damage to justify the small environmental gain from its composting.
Recently, a “pelletizing” process became available to GMCR. The company now is
considering use of this process to offset more of its environmental impact.

Other examples of environmental stewardship at GMCR include the use of
electricity from sustainable sources, and the minimization and mitigation of energy
consumption. GMCR co-generates electricity from the coffee roasting process to reduce dependence on the local electric grid. The company also purchases carbon emission offsets from Native Energy LLC (Native Energy brokers electricity from wind and water sources provided by Native American suppliers). Also, GMCR has partnered with the Arbor Day foundation to plant over 25,000 new trees (trees help absorb the greenhouse gasses created by GMCR’s energy consumption). (GMCR Inc., 2004c)

**Fair Trade and Organic Coffee:**

**A hybrid of environmental and social responsibility**

Easily the most visible of GMCR’s CSR programs are the certified *Fair Trade* and *organic* coffee products. Organic growing practices are more sustainable than other coffee production techniques, and also can preserve valuable forest ecosystems. Fair Trade coffees also encourage sustainable coffee growing practices, but through different means. The current average price for wholesale unroasted beans is about 60-70 cents per pound. Farmers cannot cover their own production costs at these prices. This situation is referred to as the “coffee crisis”. Coffee farmers selling under the Fair Trade program are guaranteed at least $1.26 per pound for their beans (or $1.41 per pound for organic coffees) (Global Exchange, 2004). The main focus of this program is to addresses the imminent threat to community health in coffee growing communities caused by the cost crisis. When co-labeled with organic or other certifications, a consumer can be sure that a Fair Trade coffee was grown using sustainable agricultural practices.

Interestingly, these products put the option to be socially responsible more in the hands of the consumer than on the coffee roaster. GMCR managers feel that the transition to sustainable coffee markets would be easier if lead by the consumer, because
Fair Trade and organic coffees cost more to grow and to purchase than other coffees. Mr. Dupee informs us that converting to an all-Fair Trade product line could cost the company millions of dollars. Under some conditions, GMCR would need to pass these additional costs on to consumers in order to remain profitable; however, it is unclear that the consumer would be willing to pay the difference. Consumers, as it turns out, are very cost conscious. According to K&G Research, consumers will choose the least expensive product option when they are unaware of any ethical reason not to do so (Deatherage, 2001).

However, GMCR still takes seriously its responsibility to develop sustainable coffee sources, and to sell coffee responsibly. At present, the company can identify over 40% of its green coffee sources (GMCR, Inc., 2004d, p.11). This allows GMCR to purchase selectively farms which employ sustainable practices. At the point of sale, GMCR distributes Fair Trade and organic informational materials to their resellers. In most places where GMCR products are sold, you will have the opportunity to learn about the Fair Trade program. GMCR absorbs the costs of these education campaigns. Are customers responding? Sales data indicates that the answer is “yes”. Currently, Fair Trade and organic coffees constitute approximately 7% of GMCR’s total pounds of coffee sold. The volume of Fair Trade coffee increased 22% between 2002 and 2003 (GMCR Inc., 2004c).

Interestingly, the Fair Trade campaign really is about the long-term health of the coffee business. If current growing trends in coffee growing practices continue, the global supply of premium coffees will drop off sharply. By developing both sustainable coffee sources and consumer preference for sustainable coffees, GMCR also is ensuring
its own survivability. In this case, we see how social responsibility can be both ethical, and in the interest of a company.

**Employee Treatment at GMCR:**

Mr. Dupee stated that the responsible treatment of employees is the one important way in which GMCR can be socially responsible. Programs in this strategic area include a commitment to employee education and development, and a stated commitment to shared ownership shared management of the company.

Mr. Dupee tells us that one of the many tools used to develop shared management at GMCR is the *Process of Appreciative Inquiry*. Appreciative Inquiry helps a company to focus on what has worked well in the past in order to recreate those peak experiences in service of company goals. The process then fosters common goals and values within an organization. It is implemented to involve employees and, potentially, outside partners in a process of continuous improvement (Cooperrider & Srivastva, 1987).

Currently, Appreciative Inquiry is used at annual summits of GMCR employees and key outside partners, but its use is being increased.

Employee education and development is accomplished through both policy and internal programs. According to Mr. Dupee, the GMCR hiring policy clearly states that job vacancies should be filled from within the company whenever possible. An example of an employee development program within the company is “Java U.”. Employees and partners can improve their knowledge of coffee and the coffee business by attending Java U. seminars. (GMCR Inc., 2004c).

Once again we note how these CSR program are both ethical *and* in the interest of the company. The costs incurred by equitable treatment of employees generally are
repaid through higher employee commitment, lower employee turnover, and higher
goodness of work (Kreitner, 2004, chap. 8). Mr. Dupee also agrees that development of
shared management helps maintain the ethical focus of the company. He believes that by
increasing the number of eyes on organizational decision making, there is less chance that
unethical or unwise decisions will be made.

**Philanthropy at GMCR:**

The program of CSR that Mr. Dupee referred to as “socially responsible
spending” closely matches the definition of venture philanthropy. However, socially
responsible spending at GMCR also has a strong alignment with the company brand.
GMCR donates at least five percent of pre-tax profits to non-profit and charitable
organizations in the communities where it operates and does business. In 2003, GMCR
spent over $384,000 in cash on socially responsible organizations. According to Mr.
Dupee, about half of this money was spent locally, and the remaining half went to
organizations in coffee growing communities.

GMCR’s international spending takes a variety of forms. Many targets of
international spending are organizations that provide micro-loans for development in
coffee communities. Loans may go to farmers to assist in the development of sustainable
agriculture practices, or they may go to towns to finance the development of schools.
International money also goes to numerous NGOs that provide services such as screening
for cancer in coffee communities. (GMCR Inc., 2004d)

Locally, spending is distributed to dozens of Vermont community organizations.
Mr. Dupee informs us that employees are encouraged to assist in the identification of
local organizations that will make good use of contributed money. This practice is in keeping with company’s valuation of shared ownership.

Outside of direct spending, GMCR also contributes employee work hours to community organizations. The CAFÉ program at GMCR (Community Action for Employees) allows employees to spend 6.5 work days per year in outside volunteer work. 1270 hours of volunteer time was paid for by GMCR in 2003. In FY ’04, the CAFÉ program enjoyed participation by 25% of employees. Mr. Dupee, believes that these figures are impressive in comparison to similar programs for which he has statistics. GMCR’s staff believes that the program does have some immediate (if intangible) benefits to the organization. CAFÉ work improves local customer relations, and serves as team building activity for employees. (GMCR Inc., 2004e)

Promoting CSR at GMCR:

Mr. Dupee tells us that in the past, GMCR had preferred simply to be a socially responsible company, rather than talking about it. However, times have changed and many stakeholders are demanding to hear more about GMCR’s CSR programs. However, Mr. Dupee feels that promotion of CSR presents a risk to the company. Interestingly, his explanation of this risk did not match with the findings of our research. Traditionally, the greatest risks of CSR are thought to be shareholder lawsuits and potential hostile takeovers. Mr. Dupee discounts these concerns, stating that, “We have been publicly traded for over ten years. If a shareholder was going to sue us for being socially responsible, they probably would have done so already.”

Mr. Dupee feels that customers can misconstrue the intentions of CSR programs. He states that a skeptical public can see CSR programs as the “green-washing” of a
business. When consumers detect insincerity, they have been known to punish corporations (and by extension, the organizations they support). Mr. Dupee again emphasizes that GMCR has CSR programs because they are in keeping with the shared ethics of management and employees. He believes that the risks of customer misperception can outweigh the potential goodwill to be obtained from CSR-related publicity. Dupee feels that public communications about CSR at the company should focus on building trust and understanding with the public. He states that GMCR must present itself as a humble corporation, which aspires to be socially responsible; any other attitude will increase the risk of public misunderstanding.

**Metrics of Corporate Social Responsibility at GMCR**

Mr. Dupee confesses that measurement of GMCR’s socially responsible activities needs to improve. “This is something we need to do better,” he told us. To that end, GMCR is working on a standardized CSR Report for next year. This report will be a first attempt at a publicly disclosed measurement of the company’s social and environmental performance. Dupee claims that benefits of their employee and environmental programs are fairly easy to measure; but he acknowledges that the benefits of their “socially responsible spending” will be more difficult to quantify. He notes that the company will need to collect more performance information from the recipients of their spending; in the past, GMCR has not always requested this kind of feedback. However, Dupee notes that even as GMCR collects more data on their spending, they will be hard-pressed to evaluate the information. Dupee elaborates:

*Let’s say our contribution to an NGO allows them to screen 100 women for cervical cancer. [...] what if none of them are found to have cancer? Clearly, there is still a benefit, [but what is it?] [...] What if [one of*
these women] does have cancer? Now we are in the situation of having to place a value on a human life.

One CSP metrics category that the company should have no difficulty with is the CSP reputation rating. As noted in our literature review, rankings of social performance found in mainstream publications are one means of measuring the success of a company’s CSR programs. Business Ethics Magazine awarded GMCR the number five “Best Corporate Citizen” award in 2003. The only other mainstream companies, which also made this list, were Fannie Mae (number 1), FedEx (number 35), and Starbucks (number 45). The “Dale Carnegie Global Leadership Award” was presented to CEO Robert Stiller in 2003 for the company’s "commitment and dedication to improving their performance by developing their people". This award has been presented only 30 times since its creation in 1912. (BusinessWire, 2004c)

**Concluding observations on GMCR:**

GMCR participates in an impressive range of socially responsible behaviors. In keeping with industry best practices for CSR, Green Mountain Coffee has aligned its social mission with its product mission. Even in their philanthropic activities they maintain strict cause-to-brand alignment (thus the choice of “socially responsible spending” to describe their charitable work). They have ingrained the corporate social mission into their corporate culture, and thus enjoy excellent employee participation in their programs, and improved employee morale. Their ability to balance social responsibility with profitability is truly laudable.

GMCR’s cautious approach to promotion of their social programs is understandable. Literature on the subject acknowledges that over-promotion of CSR can
result in message dilution and potential consumer backlash. However, our investigation of GMCR’s CSR business practices leaves few doubts that the company is sincere in its actions and intentions. Perhaps GMCR could obtain some additional benefit from telling the world more about its programs. Next year’s CSR report is an important first step in this direction.

**Analysis and Discussion**

As we have illustrated, Burton, Stowe, Ben & Jerry’s, and Green Mountain Coffee Roasters are four very different companies working towards different ends, but they all participate in socially responsible activities that fit with the purpose and culture of their companies.

We separated our analysis of these companies into four main areas: mission, methods, motives, and metrics. By utilizing this structure we made it easier to compare and contrast different companies and different programs.

**Mission**

We believe that the analysis of a company’s corporate social responsibility programs should begin with the company’s mission. A study of missions can help to explain the relative success of a company’s CSR programs.

We found many links between CSR and corporate mission in our project companies. Both GMCR and Ben & Jerry’s have had social components to their missions since their inception. Having a social component within their primary missions allows them to more easily integrate social values into the corporate culture. However, management at both companies state that the mere existence of a social mission does not ensure that it will be followed or become part of the corporate culture. Employees and
executives at both companies show commitment to their social missions in daily operations.

The other two companies in our study, Burton and Stowe, differ from the others in the area of Mission. Stowe has a company mission, but no social mission. The mission of Stowe clearly matches the company activity to its product. Through activities that back their mission (environmental, philanthropic or educational), Stowe also engages in CSR activities. Conversely, Burton has no stated mission. Burton has worked hard to separate itself from corporate America and rather than defining their mission, they have a company direction. Their stated direction helps explain the CSR activities.

Having a social mission provides a framework for a company to work within while outlining their motives and plans. As we learned the social mission is not necessary for CSR programs and activities to be successful.

**Motives**

Motives can play an important role in the success or failure of a CSR activity. Three of the companies, Burton, Ben & Jerry’s, and GMCR, all said that CSR is an extension of the personal ethics of the founders. In these three cases, the motivation for the creation of social programs was simply a desire to “do the right thing”. Vermont is a “green state”; the community expects a degree of social responsibility from local companies. We suspect that this high rate of intrinsic ethical motivation may be attributed to the regional values of Vermont.

A unique attribute of Stowe was its development of CSR activities as a response to market demand. Stowe promotes itself as a premiere four-season resort. As such, they feel they must provide whatever service their guests demand. Adaptive skiing falls into
this category. Another unique quality of Stowe is that it challenged our notions of what

can be considered socially responsible. We realized that some may consider Stowe’s

motives shallow. This perception threatens to overshadow the merits of their socially

responsible activities; however, the actual social merits of their programs are not in
doubt. Not every company can be expected to be a role model for CSR activities, but this
does not mean that their contribution should be discounted.

**Methods**

The most obvious correlation between all four companies concerning motives
deals with Archie Carroll’s CSR pyramid. All four companies were financially successful
before taking part in CSR activities. In keeping economic stability as the base of the
pyramid, they all are able to move towards more activities in the top tiers of the pyramid.
All four companies followed a sequential type of implementation.

During interviews with Burton and *Chill*, it was clear that *Chill* began because
Jake Burton felt the company was profitable enough to give something back to the
snowboarding community. This illustrates the idea of keeping financials first. Also, at
Stowe, “private rates”, albeit discounted, are charged for adaptive lessons in order to
ensure financial sustainability. At both GMCR and Ben & Jerry’s, contributions to
charities are decided based on pre-tax profits. This automatically scales their
discretionary contributions to their financial success. This brings up a very important
aspect of CSR; without profitability, there can be no CSR. All four companies studied
look out for their best financial interests first and foremost in order to have the ability to
participate in CSR activities. Once financial stability is established, all four companies
take similar approaches to CSR by utilizing cause-branding and venture philanthropy.
Cause-Branding

Our literature review identified cause-branding as a recommended tool for use in the development of CSR activities. All four companies aligned either their company brand or mission with their CSR activities. For example, Burton has a direct extension of company brand in the Chill program. When Chill was an internal program at Burton, the provision of snowboarding to underprivileged children was a natural extension of their products. Stowe is a ski resort with a nationally ranked ski school. Adaptive ski lessons are a direct extension of the services of their company. Ben & Jerry and GMCR have a variety of activities that match the definition of cause-branding. At Ben & Jerry’s, annual ice cream giveaways are an example of a direct extension of the Ben & Jerry’s brand, while PartnerShops utilize scoop shops to provide job training for the less fortunate. This is a broader extension of the brand. The development and promotion of Fair Trade and organic coffees at GMCR represent a very direct implementation of cause branding.

Venture Philanthropy

All four companies also show varying use of venture philanthropy. While all four companies donate to local and national non-profit and charitable organizations, Burton, Ben & Jerry’s, and GMCR all exhibit an interesting trend in their philanthropic spending; these three companies target at least part of their donations to organizations whose services are aligned with their own product. As mentioned above, Chill’s services are a direct extension of Burton’s products. Now that Chill is a separate non-profit, donations from Burton can be considered as venture philanthropy. The Ben & Jerry’s Foundation offers services that are a natural extension of the Ben & Jerry philosophy. GMCR’s management states that all of their discretionary spending must relate to the company mission in some way.
An interesting commonality in venture philanthropy for all four companies is its use of local community development. Stowe makes financial contributions to organizations in the Stowe mountain community. GMCR allocates half of all monetary donations to Vermont non-profits and charities. Both Chill and the Ben and Jerry’s foundation also seek to derive benefits for local communities.

Obviously, overlap exists between cause branding and venture philanthropy. Burton also has total overlap with their cause-branding and venture philanthropic activities (both through Chill). Ben & Jerry’s shows a lesser correlation. The Ben & Jerry’s Foundation distributes grants with the goal of eliminating the underlying causes of environmental and social problems. Although this does not align directly with ice cream, it does follow from their three-part mission. A less emphasized overlap exists for Stowe because their financial contributions may not always tie directly to their adaptive ski lessons. Instead these donations are more a way to recognize the role Stowe plays in its community and how it wants to ‘give back’.

Iron Law of Social Responsibility

The classic Iron Law of Social Responsibility provides another important comparison between the companies in our study. We saw a more extensive range of philanthropic/discretionary activities in the larger and more public companies. Both Ben & Jerry’s and GMCR are larger and subject to more public scrutiny than Burton or Stowe. Also, the operations of these two companies have social impacts that are more global in scope. GMCR buys their coffee beans from many impoverished areas where it has an opportunity to participate in extensive community building activities. Ben and
Jerry’s Ice Cream is known world-wide and any activities it participates in are on the ‘world stage’. This is increasingly true since they were acquired by Unilever.

**Employee Involvement**

Throughout our study, we observed that employee involvement is vital to the success of all CSR programs. Employee involvement serves as a good indicator of the company’s commitment to their CSR activities. At all four companies’ employees are encouraged to engage in CSR activities. Some activities come in the form of volunteer work and other internal programs. Some of these programs might not always match traditional notions of CSR. For example, all four companies have programs for the improvement of morale and the well-being of their employees. GMCR has “Java College” (which develops employee knowledge of the coffee business), and also has shared ownership/management programs. Ben & Jerry’s has the CAT program and the Joy Gang. Stowe pays for the adaptive instructor training for interested instructors. Burton encourages employees to snowboard on “powder days”.

Another common thread in employee participation is found in employee volunteer work. To varying degrees, all four companies encourage volunteer participation by employees. At GMCR, the formal CAFÉ program allows worker to spend 6.5 paid work days per year in volunteer activities. Ben & Jerry’s will shut down whole sites for ‘volunteer days’. Burton encourages their employees to help out with Chill during business hours. Stowe has no formal volunteer programs, but employees at Stowe noted that upper management is supportive of their commitment to community service. All of these programs are thought to improve employee satisfaction and morale. These programs also serve as team building activities. These examples demonstrate that
employee involvement is not just a necessary precursor to CSR success, but that it also has other benefits to the human capital of a company.

**Promotion of CSR**

The careful promotion of CSR programs plays an integral role in their success. We found consistently that these companies were cautious in their approaches to CSR promotion. The general reason for this caution appears to be that over-promotion can lead to a public perception of insincerity. Consumers often wonder why companies feel the need to congratulate themselves for deeds, which are performed under the premise of perceived corporate responsibility. If the consumer detects even a hint of questionable motives, all of the potential benefits of CSR can be negated.

Ben & Jerry’s and GMCR share similar promotion techniques. Both use their existing assets as “billboards” for CSR. They provide information about their CSR activities on their product containers, serving cups, and shops walls. While GMCR exercises great restraint in promotion (only the Fair Trade coffee label is promoted actively), Ben & Jerry’s clearly performs the most CSR promotion of all four companies, but they are still careful not to over-promote. For them, promoting is natural and non-traditional.

Stowe and Burton show a similar lack of CSR promotion, although for different reasons. Stowe’s lack of CSR promotion is in keeping with their company mission. Burton receives passive promotion benefits from established cross-company identity with Chill (such as mutual travel and co-location). However, no active promotion of Chill is performed.
**Metrics**

Metrics prove to be the least conclusive area we looked into. To date, measurement of CSR performance has been weak. Public reports on CSR activities in the studied companies vary from the nonexistent to massive paper reports; but actual measurements of the performance of these activities are lacking. As a private company Burton feels no need to measure the results of their philanthropic spending. Although the Chill organization obviously must have some measurements of their success, Burton does not have any such statistics. Stowe measures their CSR performance in strict relation to their bottom line. GMCR is working on a CSR report, but acknowledges that metrics their philanthropic spending will elude analysis for some time to come. Ben & Jerry’s is alone in is possession of a highly detailed annual CSR report. However, it too fails to adequately quantify the results of discretionary spending. Both Ben & Jerry’s and GMCR note that environmental performance is fairly easy to measure, but that outcomes of philanthropic spending are very difficult to quantify. It is for this reason that standards need to be set so that subjective measurements can be consistent across the board and serve the stated purpose. There have been many attempts internationally to develop standard and uniform measurements. These must be established and ratified for meaningful corporate social performance reports to be possible.

**Recommendations and Conclusions**

The implementation of a formal social mission can help companies to remain focused on their ethical goals. Although not a requirement for successful CSR programs, a social mission can help in the construction of a socially responsible corporate culture. It vital for this mission to fit with the company culture; otherwise, the social values are simply espoused and never enacted. Both Ben & Jerry’s and GMCR integrate a social
mission into their primary company mission. Since their founding, social responsibility has been ingrained in their corporate cultures. It would be much harder to introduce a formal social mission into an already well-established company since a significant culture change would be necessary. For this reason, we do not recommend the blanket implementation of a CSR mission for all companies.

Employee motivation is integral in the maintenance of CSR. Employees remain motivated when they observe shared social goals in the workplace. A company must treat its employees well and promote a positive quality of life at work, before it can have a positive social impact outside of the workplace. A positive work environment increases employee morale, which in turn can increase employee dedication to carrying out all parts of the company mission.

Strong employee commitment to CSR raises the public’s perception of a company’s CSR activities. It is important for these activities to be viewed as sincerely undertaken actions; otherwise there may be a negative impact on the company’s image and its sales. Companies must balance their promotional efforts in order to fully convey their message without appearing insincere. Over promotion is often perceived as “green-washing”; it leads the consumer to believe that a company’s primary motivation is to increase sales, not to help society. However, under-promotion also can represent a lost opportunity. If consumers do not learn about a company’s social programs, the social causes will receive less public attention, and the company can lose a potentially valuable boost in quality for public relations.

Burton is an exception to this promotion philosophy. To date Burton has been successful with little promotion of Chill. Burton’s original consumer base was a natural
network that took active interest in the happenings of the company. However, as
snowboarding outgrows its cult roots, Burton should reconsider some of its strategies as
they may not scale to broader markets. GMCR also could increase promotion of some of
their activities more. The company is consistent in its social message, and open in
describing its programs. Risks to company reputation appear to be small, while the
potential gains are many. Stowe has chosen not to promote adaptive lessons to date, and
could consider promotion of this activity in light of its clear link to CSR. Their challenge
would be to craft a campaign that does not negatively affect their reputation as a premier
resort. Of the four companies, Ben & Jerry’s has been the most successful in promoting
CSR. Consumers are well aware of many of their CSR programs, but they still view the
company as having solid values. Ben & Jerry’s succeeds because these activities are an
intrinsic part of the daily activities of the company.

Our study companies are relatively consistent in their weak metrics of corporate
social/environmental performance. As companies grow in size and influence, they come
under greater scrutiny from consumers, shareholders, and corporate parents. As a result,
greater accountability for discretionary spending is demanded. Expanded publicity of
CSR activities also increases public scrutiny of corporate CSR programs. The
development of more consistent and meaningful CSR metrics will become more vital
going into the future. With this idea in mind, we recommend that our most publicly
facing companies continue to develop their CSP metrics. Meanwhile, companies like
Ben & Jerry’s and GMCR are making an important first step in creating annual CSR
reports. The gathering and reporting of CSP information will aid in the development of
better quantitative methods. As more companies begin this practice, comparative standards will emerge.

This project presented four different companies, and a wide variety of CSR activities. Using Carroll’s four part definition of CSR as the yardstick, we find that each company truly is socially responsible. Each company is built upon a strong financial foundation. In their ethical, legal, and philanthropic activities, these companies show great variation; but in every case, these remaining strategies for CSR are implemented. While the companies do vary in size, goals, ranges of activities, and underlying motivations, all four companies do positively contribute to society. If current surveys are correct, consumers are demanding ever higher levels of ethics and social responsibility from corporations. We feel that our account of these four Vermont companies provides clear examples from which others can learn.
Works Cited


