

Premium INCENTIVE PRODUCTS

PRODUCTS AND IDEAS THAT INSPIRE PERFORMANCE

Greater Goods

Better for the Bottom Line, Better for Employees, Better for the Planet

By Frederick Jerant

Not too long ago, "environmental consciousness" and "corporate social responsibility" were terms most often associated with people and companies operating on the fringes of mainstream America—tiny firms without much distribution reach or capital, or the occasional little company that made it big—Ben & Jerry's, for example.

But as Bob Dylan once wrote, "The times, they are a-changin'."

More and more often, even corporate giants are finding that there's more to business life than profits.

Simply put, corporate social responsibility is much more than simply adhering to required legislation, and much more than simply writing some checks to good causes. CSR requires companies to evaluate the impact of their actions and policies on customers, shareholders, suppliers, communities and the environment.

"Real corporate responsibility stems from the realization that organizations and their stakeholders are dependent on each other," said Michael Meltzer, CEO of Sirota Survey Intelligence, a specialist in stakeholder attitude research. "It's in their mutual interest to build partnership relationships with each other. Implicit in such productive relationships is the consideration of the *long-term* consequences and implications of an organization's behaviors. Short-term thinking is destructive to a relationship that should be based on mutual trust and building joint value."

Meltzer cited the current financial meltdown as an extreme example. If the institutions had acted in a truly responsible manner, he said, they'd have evaluated the potential impact of their actions on the needs and interests of their investors, employees, various communities (where the companies did business, and where they obtained employees and customers), the customers themselves, and taxpayers and citizens around the world.

Instead, the investors lost tremendous amounts of money; employees are losing their jobs at an alarming rate; communities are losing corporate investments and sources of employment; customers (who expected their mortgage holders to act properly) are losing their homes; and taxpayers around the world are being forced to come up with the hundred of billions of bailout dollars needed to repair the damage.

Not Just the 'Flavor of the Month'

Fortunately, more and more corporations are accepting CSR as a way of life.

"Many companies now are paying attention to a triple bottom line: profits, people and the planet," said Paul Kiewiet, president and CEO of BrandKiwi LLC, a consultancy specializing in promotion, people performance management and family business issues. He cited the following mega-players as just a few examples of the 45 percent of the world's major corporations that are adopting the CSR approach.

Wal-Mart chose to reduce the amount of packaging required by about 300 of the items it carries. The immediate goal? Simply to put more product into a given amount of shelf space.

But the impact of this simple gesture was huge. In just one year, the world's largest retailer saved 3,425 tons of corrugated shipping materials, 1,358 barrels of oil, 5,190 trees, 727 shipping containers and \$3.5 million in shipping costs. One can only imagine the impact on the earth's limited resources and on the company's bottom line if this practice could be extended to every product Wal-Mart stocks.

Kiewiet added that the company also turned a simple architectural feature found in some of its newest stores into a means to save money and be more environmentally conscious: *skylights*.

You may have some in your home, or even a small version in the roof of your vehicle. Skylights offer a simple way to bring a taste of the outdoors into otherwise enclosed spaces, by admitting natural sunlight.

Wal-Mart's computer-controlled lighting systems now capitalize on that free illumination, raising or lowering the store's light levels according to the amount of sunlight pouring in.

Better for the environment? Sure. Substantial cost savings? Absolutely.

General Electric's "Ecomagination" project invested over \$1 billion in R&D aimed at creating or developing products that—while profitable—will have substantially less impact on the environment.

GE is also touting its "1-30-30 plan," with its admirable goals of reducing absolute greenhouse gases by 1 percent by 2012 (the company's projections indicated that they could have grown by 30 percent in that time frame); reducing the intensity of those emissions by 30 percent by the close of 2008; and increasing energy efficiency overall by 30 percent by the end of 2012.

Clearly, aggressively pursuing socially responsible and environmentally friendly policies and practices makes good business sense—neither of these corporate giants would make such investments otherwise.

But what do these outlays of billions of dollars have to do with premiums and incentives? More than you might think.

"The demand for ethical, green and socially responsible products is growing fast," said Annie Lescroart, PR/communications manager for World of Good Inc. "A recent study released by The Body Shop indicated that 76 percent of consumers are making more purchasing choices based on the corporate behavior and ethics of a company than they were five years ago, and 43 percent of those polled say that they make those purchasing decisions on a weekly basis."

"People want to feel good about products they use," Kiewiet said. "If merchandise comes from a company they can feel good about, isn't wasteful, fits their lifestyle and can be used over again, that's the kind of impact you want to make."

Actually, that's the kind of impact you want to make on your customers and on your employees.

Uber-coffee shop Starbucks, for example, proudly posts these CSR goals on its Web site:

"We work together on a daily basis with partners (employees), suppliers, farmers and others to help create a more sustainable approach to high-quality coffee production, to help build stronger local communities, to minimize our environmental footprint, to create a great workplace, to promote diversity and to be responsive to our customers' health and wellness needs."

Michael Arkes, CEO of Hinda Incentives, suggests that these practices have helped that company maintain a fairly low rate of employee turnover, which translates to lower training costs and more consistent performance. "Generational studies have shown that members of 'Generation Y' are looking for more than just a paycheck," he said. "They're interested in socially responsible behavior, and will value that in an employer."

Arkes added some hard data to back up the claim. "Stanford performed a study of MBA students a few years back and learned that, overall, they would be willing to accept a job with a company that had a reputation for corporate social responsibility, even though they'd earn \$13,000 less per year."

So, in a very practical way, CSR can actually be a way to attract some of the best talent in the marketplace. "Many of the top students are looking for companies that relate to their value systems, where they can feel like they're making a difference," Arkes said.

Enter Green/CSR Premiums

As that sort of attitude becomes more common, program managers need to seriously think about incorporating green/CSR elements into their giveaway programs.

In fact, that consideration can be critical, according to Kiewiet. "People in the incentive business should be aware of this when selecting their premiums," he said. "If the items are patently wasteful—or if they come from a company with a reputation for being destructive of the environment or having human rights issues—they can actually be de-motivating," because the company purchasing those premiums could be viewed as supporting those questionable actions.

Superficially, incentives can be used to reward outstanding work or to help build loyalty to a branded product. But, according to a white paper written by Norma Jean Knollenberg, owner & CEO of Top Brands Inc. and executive vice president of the Incentive Marketing Association (IMA), they can also be used "to communicate a business message, to support a brand message, to strike an emotion and to engage the target audience in a way that makes them identify with the mission and objectives of the program."

And if your company is promoting a green message, even its incentives and premiums should reflect that fact.

Integrating Green & CSR

There are several ways to work greenness/CSR into incentive programs. Kiewiet offered this simple tip:

"Be sure the [suppliers of premiums] that you work with have a commitment to being responsible players in the corporate marketplace." By that, Kiewiet means dealing with products that are useful and reusable, not just poorly thought-out stuff that gets thrown away.

For example, if you give imprinted apparel (let's say, a company T-shirt) to people who don't work for you, there's a good chance that it'll be donated to a charity, stuffed into the back of a drawer or turned into an instant dust cloth. Each outcome reflects a lot of wasted resources—materials, time, fuel and others.

But, Kiewiet added, if that shirt "relates to a social cause or company that I like, I'll wear it and maybe even pay for it."

Coca-Cola illustrates the truth of that claim with its branded "eco" apparel lines. These items turn the act of recycling into a fashion statement. The lines include baseball caps and T-shirts emblazoned with company logos that are made partially from recycled soda bottles, cuff bracelets that began life as Tab cans and similar items. The company even offers a stylish Masha handbag—crafted by Brazilian artisans and personally signed—that incorporates over 1,600 recycled aluminum pull-tabs. "These are great examples of tying together a company's product and socially responsible behavior," Kiewiet concluded.

"That's fine for Coca-Cola," you might say, "but what about MY business? Where do I FIND this stuff?"

Find What You Need

One way to bring your incentive program into the green/CSR arena is to find a consultant that specializes in that area.

For example, Michael Arkes also runs Helping Hands Rewards, a company that specializes in teaching social enterprises how to develop the programs and policies that will make them and their products attractive to the U.S. incentive market. The firm offers a much-needed service, because "the incentive market is not something the social enterprises know about, or even care about," Arkes said. Helping Hands' representatives help match incentive users with incentive producers, acting as a sort of market development team. Right now, Helping Hands works with about a half-dozen social enterprises that make an interesting assortment of products for the incentive market.

It's important to note that obtaining incentives from social enterprises can do more than simply enrich the bottom line or keep your best employees proud of working for you.

When handled the right way, some of them ultimately can help boost people's standard of living, offer them a chance to learn responsibility (as well as job skills) and equip them to achieve their goals.

One of them is Greyston Bakery in Yonkers, N.Y. Entering its 27th year of business, the bakery was founded to support a Zen Buddhist meditation group. Since then, Greyston has gone from being a local enterprise that provided fabulous brownies and other desserts to many of New York's finest eateries, to become the exclusive supplier of brownies for Ben & Jerry's. Greyston produces up to 20,000 pounds of that delectable mix-in every day, and ships them by truck to the ice cream plants. Its success has enabled it to fund many community development initiatives—including housing, childcare, health services and technology education for low-income families. The company is also willing to give just about anyone a chance to work, Arkes said. "Greyston hires on Wednesdays," Arkes said, "and the first person in line gets the first job on the list; the second person gets the second job, and so on. There's no application form and no interview. The only thing that will disqualify you from working there is your effort on the job—three strikes during your 90-day apprentice program, and you're out," he added.

And if you make it through the program, you'll have earned a reputation as a good worker, one who can get other jobs within the company.

Greyston Bakery, Arkes said, sees itself as the first step in the employment chain. The company's tagline really sums up its approach to social responsibility: "We don't hire people to bake brownies. We bake brownies to hire people."

For the incentive market, Greyston Bakery produces six-packs of brownies for all four of its flavors, and 12-pack/24-pack offerings housed in wooden containers.

Soap Spells Success

Another success story Arkes relates is that of The Enterprising Kitchen. Located in Chicago's Ravenswood industrial corridor, The Enterprising Kitchen creates and sells bath salts, shower gels, oils, candles and similar products. Handcrafted from natural ingredients, these products could be ideal for an incentive program.

But there's more being manufactured there than soap.

Arkes said about 40 percent of its all-female workforce has been incarcerated at one time or another. That fact alone could be a significant barrier to "gainful" employment. Add in low income, and a lack of training, education and social skills, and you'd have a potent recipe for a dead-end life. The Enterprising Kitchen aims to change that by hiring these women, and using its business as a launching pad for their future.

On the surface, it's just a company that makes soap. But when you consider the implications of its program, you'll see it's a powerful way to prepare these disadvantaged women to enter the workforce.

By working at The Enterprising Kitchen, the women obtain paid employment, work and life skills training, one-on-one career planning, assistance toward obtaining a high-school equivalency certificate, training in various forms of technology, financial planning and other valuable services.

When their stints are over, they've achieved a work history, broad on-the-job experience, increased interpersonal skills and many other tools they can use for future advancement.

Arkes added that The Enterprising Kitchen's products are turning up in some gift baskets and have been used in "gift with purchase" programs for clothing manufacturer Eileen Fisher.

Ironically, Arkes said Helping Hands' experience with The Enterprising Kitchen has led Hinda Incentives to start offering more premiums with positive social impact.

Doing Good Around the World

Founded in 2004, World of Good Inc. distributes high-quality handcrafted jewelry, scarves, bags, gifts, housewares and accessories from 31 countries to major retail outlets in the United States. All of these items are produced under fair-trade principles, said Annie Lescroart, PR/communications manager for the company.

Often confused with "free trade," fair-trade principles include:

- Paying a living wage to producers.
- Prohibiting forced labor/exploitative child labor.
- Creation of long-term relationships between buyers and producers.
- Access to financial/technical help for producers.
- Encouragement of sustainable production techniques.
- Healthy and safe working conditions.
- Equal employment opportunities.
- Full public accountability.

And by partnering with Arkes' Helping Hands, World of Good hopes to expand its presence in the corporate incentive marketplace.

For now, though, World of Good operates primarily inside 1,500 locations, including stores run by Whole Foods, Wegmans, Wild Oats, Borders Books (in a pilot program) as well as numerous college bookstores.

Within the incentive marketplace, Word of Good typically sells across all of its main categories. "A gift basket might include a necklace crafted from recycled materials [such as reclaimed bone or metals] and a handmade pouch," Lescroart said.

World of Good also ties in with other fair-trade distributors, including Alter Eco and Divine Chocolate.

"We can assemble packs of fair-trade coffee or tea and chocolates, along with mugs

and other accessories, and pack them in a hand-woven basket from Africa," she added.

The company also operates the World of Good Development Organization, which reinvests in its producers' very-low-income communities.

From Flashlights to Cars

Green and fair-trade products are definitely gaining in popularity, said Jenele Grassle, vice president of merchandising for Carlson Marketing, a world leader in loyalty marketing and sales incentive programs. "Just a few years ago," she said, "such products were offered by suppliers simply to say 'we have them'—they didn't generate much traffic."

But today, as consumers become more eco-aware, choices are increasing.

Grassle said her firm's clients are particularly interested in anything that's solar-powered, such as outdoor lights and flashlights.

Anything made from organic cotton—one of the first "green" products in the marketplace—is also hot. "Our most frequently redeemed product is an organic cotton market tote," she said. It's followed by an organic bamboo kitchen set. Both are basic, functional items, and their popularity attests to Kiewiet's earlier remarks about the appeal of products that aren't wasteful, are lifestyle-appropriate and have a long shelf life.

Even cookware is going eco-friendly, Grassle said. For example, Cuisinart offers a line of nonstick cookware that features energy-efficient design and construction, handles made from recycled steel and a cooking surface that is petroleum-, PTFE- and PFOA-free.

Carlson also offers a \$12,000 off-highway vehicle as a premium! Although this Chinese two-seater "super-mini" car has a top speed of just 25 miles per hour, COCO squeezes up to 60 miles from a gallon of gas. (An electric version of COCO is expected sometime in the first quarter of 2009.) Not surprisingly, Grassle added, "It requires a lot of points to redeem."

Perhaps the most unusual incentive Grassle cited is the renewable energy certificate. Each of these tradable environmental commodities—provided to power generators—certifies the production of 1 MWH of electricity from a renewable resource, such as wind or solar power. When the certificates are bought (by other companies or individuals) or awarded as incentives, the new owners can legitimately say they've purchased renewable energy.

What sets them apart from other premiums is the fact that the recipient won't use the electricity—it's simply fed into a local grid. "There's no actual return to you," Grassle said, "but it feels good."

She added that these certificates are just emerging as an incentive item, and aren't redeemed as frequently as hard goods. "But I think they'll be widely used in the future," Grassle said.

Proceed With Caution

If you're contemplating a move into green/CSR incentives, don't just grab the first thing you see. There are so many factors involved, a quick decision just might backfire.

Take an "ethically produced" sweater, for example. If it's imported, you ought to consider the emissions that are released while it's shipped to the United States. And although its manufacture might be "ethical," the sheep involved might be raised in improper ways.

Pay attention to terminology, too. Although you'll often hear terms such as "green," "ethically produced," "recycled," "carbon-neutral" and others, none of them are equivalent.

That said, here are some points to consider when you're searching for an incentive product:

- Keep your ultimate message in mind. Do you want to promote recycling, energy saving or another practice?
- Make sure it's a usable item. Otherwise, it represents a waste of time, effort and resources, and could alienate your target audience.
- Don't accept the manufacturer's claims at face value. Insist on proper documentation, and raise questions about any aspect that seems questionable.
- Remember that standards and practices can vary from country to country. What might pass muster overseas might not meet U.S. requirements. (The recent rash of recalled Chinese-made products is a stark example.)
- Try to select something that reinforces your company's brand, or is a good fit with your company's products or services. For example, an energy company might use energy-saving light bulbs.

Toot Your Horn (But Do It Softly)

Obviously, using green or socially responsible incentives can be a real asset to a company's reputation. Although it's important to tell that story, said Mike Kust, chief marketing officer at Carlson Marketing, it's best done subtly.

"Big business is often viewed as a villain," Kust explained, "because Americans have a healthy skepticism about corporate philanthropy—especially in uncertain times of economic turmoil. That's why publicizing your efforts must be done in a purposeful way. If you do it poorly, it may backfire."

Although there's nothing wrong with traditional methods—such as press releases, adding a notification to a product's packaging or issuing a CSR report that shows a company's vested interest in the concept—you can often have more impact by using more subtle communication paths.

For example, Kust suggests telling the story in a low-key way, and letting customers (and others) "connect the dots." Word-of-mouth can be a very effective tool.

You might consider offering a corporate leader or other employee for speaking engagements. At those events, Kust said, "you'll get more mileage by talking less about what you've done, and instead shining the spotlight on the benefits [to the community or the planet] of your actions."

Or get involved in community or trade associations that complement your own corporate message.

At the same time, Kust advises making sure your own house is in order before setting out to publicize your actions. "Your story is most effective when it's part of the corporate DNA, something that you live every day," he said.

Finally, make sure your efforts are sustainable (both in terms of the resources you draw upon, and the continuity of the program). Don't just conduct a quick PR campaign and think you're finished. Take steps to ensure your program's impact across the entire enterprise—employees, customers, channel partners, whoever your brand touches.