

Business Credit News

CREDIT REPORTS 210-225-7106
COLLECTION 210-225-7106
E-MAIL: bcms@nacmtx.com
FAX SERVICES 210-225-1777
WEB SITE: www.nacmtx.com

National Association of Credit
Management of Texas, Inc
4407 Walzem Rd #205
San Antonio, TX 78218

**AUGUST 2013 Chairman: Mark Haley
Johnson Oil Company**

“CORPORATE RESPONSIBILITY IS NOT A NEW FAD”

Not long ago I read an article on corporate social responsibility (CSR) that began:

“In the decade or so since the phrase "corporate social responsibility" first began to make its way into the mainstream corporate lexicon, the concept has gained widespread support and acceptance in the business world. In fact, the formal adoption of CSR policies has become so widespread that, among larger companies, at least, CSR policies have become almost, universal”.

I was dumbstruck when I read the above because it was almost forty-seven years ago, much more than a decade, that I attended a lecture, while a college freshman in Seattle, given by Harold Geneen, the then CEO of ITT, International Telephone and Telegraph, on corporate social responsibility and yet here I was reading over four decades later that his message was finally being recognized.

Before Jack Welch built GE into a world class company, there was Harold Geneen who molded ITT into the most diversified conglomerate in the world with interests in manufacturing, distribution, communications, insurance, hospitality, and real estate, to name just a few of the industries ITT acquired and managed. It was Harold Geneen who said *“leadership is practiced not so much in words as in attitude and in actions”.*

Although the past seven years has produced changes that are simply staggering, in how corporations look at their social responsibilities not only to their employees but also their customers and the communities where they reside. One of the most significant changes is that a bona fide industry has developed around corporate responsibility, complete with consultants, college courses, an industry magazine, conferences and associations, and all competing with each other for corporate attention and the dollars that follow. While just a few years ago it was relatively difficult to find either advice or case studies on corporate responsibility best practices, now the volume of information available on CSR is almost overwhelming. And while back in the 60's corporate responsibility was a fledging concept only practiced and promoted by Geneen and a few followers, for many companies today it has become a key element of their corporate strategy—and also a recruiting tool.

Sadly, there are many things that have not changed over the past forty-seven years. Far too often, corporate responsibility executives are frustrated by their lack of access to key corporate decision makers. Too many companies still consider corporate responsibility to be an accessory clause that can be added or removed from the company policy as needed. Worse, a surprising number of organizations still consider corporate social responsibility to be solely about image or brand building, nothing more than a public relations exercise to be publicly put on display when necessary.

Often it is only after a company ends up on the wrong end of a consumer or pressure group campaign that its leaders recognize the strategic importance of corporate responsibility. As a result, many of the leaders in the CSR field are those companies that have been most badly mauled by non-governmental organizations or consumer-led campaigns against them.

Is it no surprise, then, that some of the organizations most vilified over the years by human rights and environmental campaigners, companies such as Wal-Mart and Nike, have become enthusiastic proponents of promoting corporate responsibility?

By underrating the importance of corporate citizenship, these companies are making a colossal strategic mistake. The world in which they operate has changed fundamentally in recent years. The standards of behavior that companies are expected to maintain are much higher today than in 1966, 1976, 1986, 1996, and even 2006, while the price of failing to meet those expectations is much higher. Through social media, for example, companies' customers—and critics—can communicate with each other as never before. Already, there are examples of global conglomerates having to abruptly change their strategy and hurriedly upgrade their social or environmental behavior after finding themselves on the receiving end of a successful social-media-enabled campaign and there will be many more to follow in the future.

In many companies, corporate responsibility has undergone a transformation from peripheral concern to key business issue. But one thing that has not changed even slightly over the past four decades is the question, "are they for real?" The suspicion that many corporations' CSR efforts are really "papering over the cracks" continues as strong as ever, and perhaps more so now that companies have learned the tricks that present themselves as responsible corporate citizens. With PR firms and consultants making a comfortable living from their corporate responsibility consultancy services, cynics would be forgiven for thinking that the corporation's emphasis is more on looking good than being good.

British energy giant BP is a case in point. Over the past decade it has made a concerted effort to present itself as a company that cares as much about the environment as about profits, and yet, it is still trying to play down what has become one of the world's worst-ever environmental disasters. When a company that re-branded itself as "Beyond Petroleum" is not only responsible for one of the biggest oil spills in history but also criminal behavior in its aftermath, critics of BP's media blitzes justifiably have a field day. And it is hard to argue with those who suggest the millions BP paid out in its media campaign to publicize its corporate responsibility credentials would have been better spent designing safer drilling procedures and employee training programs on its oil rigs.

One of the other important changes in corporate responsibility is the understanding that treating corporate citizenship as something distinct from the company's core operations is no longer acceptable. The companies that flourish over the coming decades will be those that successfully embed the principles of corporate responsibility into the core values of their business.

And the final, most important difference? The leaders in the corporate responsibility movement are not doing it to be nice. They are doing it in order to survive. Perhaps they are finally understanding the message Harold Geneen delivered back in 1966 and what he really meant by the phrase "sustainable business."

David Balovich is an accomplished author and public speaker. He is presently the North Region credit manager for Holt Cat.

***** **AUGUST 2013** *****

Day	Date	Group	Location	Time
Tues	6	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin TX	11:30
Thurs	8	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	14	Coastal Bend Group	**** CANCELLED DUE TO SW CREDIT EXCHANGE MEETING ****	
Wed	14	Victoria Credit Group	Sky Restaurant, 236 Foster Field, Victoria TX	11:30
Wed	15	Rio Grande Group	**** CANCELLED DUE TO SW CREDIT EXCHANGE MEETING ****	
Fri	16	SW Electrical Group	Onion Creek Country Club, 2510 Onion Creek Pkwy, Austin TX	11:30
Tues	20	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin, TX	11:30
Thurs	22	Fuel & Lube/Heavy Eq.	Teleconference Meeting 1-800-791-2345	2:30
Thurs	22	Austin Ad Media	Santa Rita Tex Mex, 1206 W38th St. Austin TX	11:30
Thurs	22	HVAC Credit Group	Texas Air Products, 11122 Gordon Rd, San Antonio TX	11:30
Fri	23	SA Ad Media	Teleconference Meeting 1-800-791-2345	10:00
Tues	27	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30
SEPT	18	Bond & Lien Seminar	2510 Onion Creek Club, Austin TX	9:00

CREDIT REPORTS.....

INDUSTRY CREDIT GROUPS.....

COLLECTION RECOVERY.....

A company with financial problems does not acquire them overnight. It has usually experienced one to three years of surfaced difficulty. The earlier these warning signals are identified and analyzed the greater the chance of effective correction action.

Are you using NACM Credit Reports and Industry Group Meetings to help you identify and analyze? Are you using NACM Collection Recovery for the past due account(s)? Call NACM, your Association for all your credit needs and service at (210) 225-7106 or 800-256-5306.