



CSR – DO YOU GET IT?

A REPORT INTO THE FOOD AND SERVICE MANAGEMENT MARKET HAS CONCLUDED THAT IT LACKS LEADERSHIP ON THE ISSUE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) AND THAT MANY CATERERS ARE UNCLEAR ABOUT WHAT THE TERM MEANS. DAVID FOAD REPORTS



New research involving the UK contract catering market has revealed major shortcomings in the industry's approach to CSR.

On the plus side, every company surveyed understands the growing importance to their future business of a CSR programme, with more than half saying their CSR agenda was shaped by the client base.

The heaviest pressure is coming from government agencies and big, corporate clients, though the survey reveals that 100% of new contracts feature CSR requirements, and they account for on average 25% of qualifying marks; a figure that rises to 40% for public sector work and up to 90% among charities.

Everyone (100%) thinks they are leading the CSR agenda in this sector, which even allowing for a little bullishness on the part of companies does indicate an unrealistic view of what a successful strategy involves.

Alison Avis, director of corporate and community

The report highlighted differences in their approach and understanding of CSR, with some of the smaller, regional players feeling concerned about it, but struggling to grasp its sheer breadth and focusing on 'green' and environmental issues.

The findings also showed a clear correlation between a company's approach, CSR structure and progress, and the foresight and understanding of the business benefits shown by its senior executives.

One of the biggest concerns is the lack of thought leadership in the sector which is "undoubtedly hampering and slowing progress".

Companies are too reactive and not proactive, shifting CSR focus to reinforce a bid or satisfy a particular client request rather than taking a more strategic approach.

Says Avis: "FSM companies are service-focused and so react to a client. But if you have 500 sites that might be 500 clients and it's clearly unsustainable because you can't

"The retail sector collaborates more effectively and has established a clearer industry reputation in the field of CSR"

development at Good Values, the consultancy that carried out the survey, says: "The research shows no one company is famous for CSR; neither peers nor clients regard any contract caterer as having a truly differentiated CSR position.

"In fact the food and service management industry is seen as behind the curve on this compared to companies who've been early adopters of CSR because of the risk nature of the business, or because they are customer focused such as oil companies, banks, utility companies and the major retailers.

"There is a lack of strategic focus and they are not harnessing the benefits of good CSR. The feeling is that they don't get the potential it offers them and see it only as a cost."

But 'not getting it' could cost them dear, with clients who responded in the survey having a clear message: where other things are equal in a bid, the approach to CSR often decides it.

The research by Good Values involved 12 contractors who between them account for 98% of sales in the UK food and service management (FSM) market plus some of their clients.

Avis says: "We believe this is a statistically significant sample that adds weight to the findings."

roll out individual plans across your whole estate.

"It also means you can't measure the return on investment; so companies should have the confidence to ask the client what they actually mean by terms like 'local sourcing' and be prepared to tell them it can't work, or won't work just yet and suggest an alternative approach. Take back the reins."

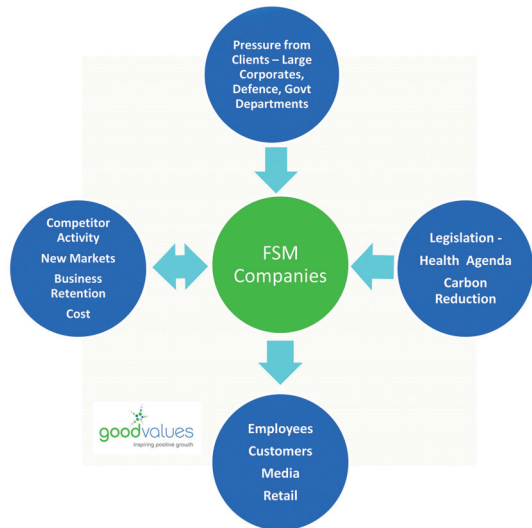
One consequence of this is that while 73% of contractors have publicised commitments to healthier catering with the Food Standards Agency (FSA), these have not been 'embedded' throughout the organisation and typically operate across only 30% of their sites.

Caterers apparently support healthy eating initiatives but are concerned about rushing into changes and being seen to 'preach' to customers.

This is significant because the report makes clear the sector believes the Government health drive is setting the agenda on issues like reducing salt, saturated fat and sugar content of foods and moves towards making calorie labelling on menus a legal requirement.

The danger is that a vacuum is developing with 60% of FSM's saying they feel the Government's strategy is uncoordinated, but their responses to the survey also show the sector is not working together with a common sense of direction on CSR.

CR Pressures on FSM Companies



Making CR work for you



WHO CARRIED OUT THE RESEARCH?

Good Values is a consultancy which specialises in branding, social and CSR issues. Its client list spans non-governmental organisations (NGO's), Government bodies and corporate business clients – including Aviva, Vodafone, Age UK and Cancer Research UK.

Co-founder Jacquie Irvine says: "From our conversations with clients it became clear there was a gap in the foodservice management market's knowledge about corporate social responsibility issues.

"We saw the need for a detailed study of the CSR agenda and spent six months talking to CSR and senior level managers at 12 contract catering companies and completing the research."

The significance of the research is that these 12 contractors generate combined turnover of £4.1bn (ranging individually from £1bn to £10m) and represent 98% of the total UK market.

Their input makes this the most significant piece of research into the issue of CSR in the catering industry.

For more information, visit www.goodvalues.co.uk

"It needs strong thought leadership to challenge the pressure to act from the FSA and the Government," says Aviss, who has in mind issues like menu labelling where contractors feel there's little customer demand and they would face significant implementation problems in delivering it across different sites with different menus.

"But," she adds, "FSM's are secretive and don't want to share details they believe are commercially sensitive."

This attitude could be standing in the way of progress

"Caterers apparently support healthy eating initiatives but are concerned about rushing into changes and being seen to 'preach' to customers"

on CSR because the retail sector collaborates more effectively, and has established a clearer industry reputation in the field despite the fact its individual players are competitors.

On the environment all contractors said that the ISO 14001 accreditation was a key issue because clients were requesting it and including it in all new business tender documents.

CORPORATE SOCIAL RESPONSIBILITY

“Achieving ISO’s involves a lot of process, but FSM’s must ask themselves what they want to get out of it. Does it realise their own aims and objectives?” says Aviss.

This slight ambivalence is reflected in the actions being taken by contractors. For example, one of the major players has made a commitment to have accreditation in every site by the end of the year, while another company has decided to go for accreditation at the head office only and offer a simplified version of the principles of the standard for client sites.

Every respondent said sustainable procurement provided a major challenge.

Clients expected Fairtrade, free range and Red Tractor products as the norm as well as wanting local, seasonal

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food with the minimum of food miles.

But caterers say they struggle to find sufficient, sustainable stocks at prices the contracts can afford, with one company pointing out, “there simply isn’t the volume and consistency we need to satisfy all of our business and clients”.

Good Values founder Jacquie Irvine is clear in her mind about the barriers that prevent FSM companies doing better. “At heart many of them they don’t fully understand the CSR agenda, or how it can act as a differentiator in a crowded market; 75% said so in the survey.

“As a result there is insufficient investment and not enough resources given to it in terms of capacity, capability and funding.”

She said some companies allocated no money at all directly but cross-charged across departments on a case-by-case basis which made for a very slow and unresponsive process.

Even big companies that named a director responsible for CSR, often gave the same person only one support staff person plus other responsibilities.

“There’s also a lack of robust evaluation and monitoring processes. Only one of the 12 companies we surveyed has CSR-related key performance indicators (KPI’s). If you don’t measure it, it won’t happen.”

She also pointed to the lack of evidence that CSR behaviour was embedded within organisations and that staff were engaged.

“Paid staff are a company’s greatest resource, but if they’re not involved and given the tools then it’s not going to work.”



YOUR 9-POINT CSR ACTION PLAN

After reviewing the responses to its survey, Good Values has identified nine key areas that contractors should focus on when looking to improve their CSR performance.

- **CATCH UP** – The FSM sector has to realise it is ‘behind the game’, particularly compared to many potential clients
- **UNDERSTAND** – The research shows there is a lack of detailed understanding of the CSR agenda, which must be addressed
- **INVEST** – Companies are seriously under-resourced in terms of finance, capacity and capability – especially as CSR is worth 25% of bid marks
- **MEASURE** – It’s not about general statements and pretty environmental pictures; companies are being required to measure outcomes and provide evidence
- **INITIATE** – Too much FSM activity is responding to different needs of multiple clients. Contractors must take the initiative and adopt a CSR strategy that works for their business in a coordinated way
- **MAXIMISE** – Ensure all areas of the CSR journey are understood to get buy-in from the boardroom to the kitchen porter
- **KEEP IT SIMPLE** – Easy-to-use tools and relevant training at operations manager level needed so that the core, client-facing teams are engaged
- **COMMUNICATE** – CSR strategy and individual initiatives are not being publicised internally or externally
- **LEARN** – Look at the ideas and experiences of other sectors, such as the major high street retailers, and see if they can be adopted