

CSR

Cutthroat compassion

IF YOU'RE SEARCHING FOR AN UNCOMMON COMPETITIVE ADVANTAGE, TRY ADOPTING AN AGGRESSIVE APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

BY CHRIS ATCHISON

Brad Mills could only stand to watch so long as his neighbourhood, Vancouver's Downtown Eastside, fell deeper into poverty and despair.

Mills, CEO of office-supply firm Mills Basics—part of the nationwide Basics office-supply purchasing chain—had seen the wrenching decline of the area in which his family had done business since 1949. A haven for drug dealers, prostitutes and petty criminals, it had become Canada's poorest neighbourhood. So, in 2002, eager to make a difference, Mills began working with the provincially funded Fast Track to Employment program for people unable to find jobs due to disabilities, addictions or other social barriers.

Mills hired hard-to-employ locals to work in his warehouse, and helped them build basic skills focusing on attitude and attendance. There were setbacks: the firm fired a few employees for theft, and a few others fell back onto the streets. But the vast majority proved to be reliable.

Initially, Mills hadn't banked on anything but emotional rewards. That was until his company began publicizing its community work. Annual sales growth zoomed from a modest 5% in 2002 to an average of 12% from then until 2008, when revenue hit \$17 million. That was, in large part, thanks to a winning marketing message about how the firm was giving back to society.

Corporate social responsibility (CSR) activities can offer a key competitive advantage for SMEs. Increasingly, customers, suppliers and employees are demanding more community involvement from the companies they work with. One measure of this is a 2007 survey of U.S. employees by Boston-based research firm Cone LLC, to which 72% of respondents said that they wished their employers would do more to support a cause or issue—up sharply from 52% in 2004.

"CSR isn't a sideline anymore," says Paul Klein, president of Impakt, a Toronto-based consultancy that helps firms boost profits by leveraging their invest-



Brad Mills doubled his firm's growth rate by promoting its charitable hiring practices

ments in the community. "This is a point of entry now, and you need a way to demonstrate clearly what you're doing."

When customers began noticing Mills Basics' extensive work with Fast Track, the CEO sensed opportunity. "Our competition is Staples, and they spend hundreds of millions of dollars a year on advertising," Mills laments. "I can't get close." But he could get creative.

Mills hired marketing manager Jenny Garden to spearhead and promote Fast Track and the firm's many other CSR efforts. Garden spotlighted these activities in marketing materials and new contract proposals through individual stories of people the company had helped. She built a CSR section on the firm's website and created flyers about Mills Basics' community achievements tucked into each box of supplies shipped. And Garden inundated sales staff with CSR information as a tool to help them land new business.

It worked. "When I started, very few of the contracts that would come through would ask about our corporate-responsibility initiatives," Garden says. "Now, it's almost every single one we bid on."

She says about 80% of new customers

cite CSR in their decision to work with Mills Basics. Vancouver's Olympic organizing committee, the City of Vancouver and several Crown corporations chose Mills Basics as their office supplier based on its community work, says Garden: "At the end of the day, we all sell the same pencils, paper and paper clips. It's about who you, as a customer, want to support with your purchasing dollars."

CSR activities have also helped make Mills Basics an employer of choice. "When you ask people in interviews why they applied, it almost always comes up that we're [socially] responsible," says Garden. "That's important to them."

That's welcome news to Mills. But what pleases him the most are stories about the personal growth of his at-risk employees. More than 90% of those hired—52 last year alone—have kept their jobs, been promoted within the firm or have transitioned to higher-paying jobs elsewhere.

"It's the most satisfying thing you can do—to see someone come in off the streets with their head down and, a week later, their head is up and they're smiling," says Mills. "You just don't get that anywhere else." P