

“Big CSR Wisdom in a Small Package”

Sandra Waddock & Charles Bodwell, *Total Responsibility Management: A Manual*
 (Sheffield, UK: Greenleaf Publishing, 2007)

A Review by William C. Frederick, May 2007

This compact book (180 pages) contains all one needs to know about getting a company up to speed on being a socially responsible operation. My *OED* defines a manual as “a small book for handy use; a concise treatise; a book of instructions for learning a subject”—precisely what you will find here. It’s tailor-made for today’s corporate executive who seeks a practical way to instill CSR throughout the firm. A perfect item for any executive education program promoting social responsibility and sustainability.

Total Responsibility Management (TRM) puts it all together into one “systematic framework for managing responsibility for all of the companies’ stakeholder- and natural environment-related activities.” The result is a blend of theory and practice—Waddock’s holistic vision-and-values and Bodwell’s wide-ranging global field experience with the Swiss-based International Labour Office. In fact, TRM is an extension of the ILO’s Factory Improvement Program (FIP) developed earlier by Bodwell which keeps an eye on supply-chain labor practices. Lending credibility to TRM’s potential are several short case examples written by Jennifer Leigh.

So, what is TRM and how does it work? It is heavily indebted to stakeholder management, no surprise to CSR followers. And although it appeals to the pragmatic side of corporate management by offering a parallel to the doctrine of Total Quality Management (TQM), the authors are not shy in reminding corporate leaders that they are constantly exposed to the risk of being labeled bad actors by ignoring the rights and interests of a whole host of stakeholders, each one holding a cell phone-camera with instant connections to the Internet. While true, one can’t help but wonder if this is the best way to arouse enthusiasm for TRM—eliciting good behavior on penalty of otherwise incurring bad publicity. Of course, you can argue—and the authors do—that it has worked in the past in some famous cases. Perhaps that’s the kind of world we live and do business in, more’s the pity.

More positively, TRM proposes that companies should engage in a four-phase process:

- **Inspiration:** Projecting a vision and a company mission based on the values of integrity and sustainability, achieved through an active program of stakeholder engagement
- **Integration:** Melding vision and strategy by building responsibility into all phases of management
- **Innovation and Improvement:** Addressing errors and shortfalls through continuous feedback from involved stakeholders that guides remediation and innovation

- **Performance Indicators:** Measuring a company's TRM progress by assessing how well it meets international standards for economic, social, and environmental performance, along with transparency and accountability

The authors admit that TRM is no slam dunk. Companies serve diverse markets and do business in stunningly different cultural settings. The stakeholder idea is anathema to some businesses, and totally unrecognized in some societies. Shareholder dominance—a single-minded stakeholder focus—prevails from Wall Street to London to Tokyo.

So why do visionary Waddock and tough-minded ILO negotiator Bodwell believe that TRM's time has come? Because "TRM make(s) good business sense." The belief is familiar to long-time observers of the CSR scene who say that companies can "do well by doing good." This time, the argument is a bit more pragmatic but still not new. Managing stakeholder ties strategically leads to improved employee relations, higher morale, and increased productivity. So too are there advantages of (long-term) cost savings from environmental production safeguards that reduce waste and save energy. Not to speak of not being hassled so frequently by activist NGOs ever ready to pounce on corporate misdeeds. In other words, tightening up a firm's management techniques in light of multiple stakeholder interests leads to more responsible behavior inside and outside the company—and a lowering of costs (employee turnover), competitive marketing advantages (better brand recognition), a polished public image, and a more financially secure future.

Some skeptical readers may say, Show me the evidence. And that is where the case examples become important. These ten cases, short and well-written, display what a TRM approach *can* do for a wide variety of companies. However, the case evidence is *ex post* TRM, not *ex ante*. That's understandable since the authors propose TRM as a *newly conceived* comprehensive system of managing responsibly. Their case will be more convincing when they can show that companies, with deliberate forethought, adopt and act on the TRM methodology *per se*. These ten companies, without that guidance, somehow found pragmatic ways to satisfy stakeholders and confront some of the many CSR problems that arise in today's business world. But that's one of the authors' main points: Such companies have been managing stakeholder relations responsibly without using the TRM label, just as earlier companies improved product quality without the TQM label. In other words, there need not be an unbridgeable gap between socially responsible management and financially successful performance. A consciously-adopted TRM approach can be the bridge linking these two important goals.

I showed this TRM manual to an executive acquaintance who has been a successful CEO of a handful of high-tech companies and asked him to tell me what he thought. His comment: "Begins and develops well, but the final chapter is missing." The lack of closure he felt may suggest a need for more how-to-do-it specificity, but I suspect the authors wanted to leave plenty of room and imagination for diverse companies to fit TRM into their particular situations and cultures.

For any company that wants to chart a CSR path, this manual shows how to get started. TRM provides the social and business rationale, demonstrates the practical steps needed, describes the social and financial payoffs involved, and places the entire process within easy range of hard-nosed pragmatic executive thinking. Total Responsibility Management is indeed within the grasp of any of today's global companies. No longer must their managerial reach exceed their CSR grasp. TRM brings them together. It's all

there in this one small package—enough practical wisdom to guide business practice in needed and desirable directions.