



The Quarterly Quality Report

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The ASQ Quarterly Quality Report provides a detailed look at a variety of quality-related topics and issues. The report is developed by the American Society for Quality in keeping with its role as the steward of the quality profession—to promote the use of quality as a global priority, an organizational imperative, and a personal ethic, and to promote quality concepts, technology, and tools to make the world a better place.

Answering the Call of Social Responsibility—A Diversity of Responses

Social responsibility, in essence, is a matter of choices. While there are laws that define criminal behavior, there is no law that prescribes what it means to be socially responsible. Some may choose to take a long-term view rather than a short-term view. Some may recognize system-wide costs of conducting their business and factor these costs into their accountability decisions, while others may attempt to ignore as many externalities as possible. Some broadly define who their stakeholders are, while others take a more narrow view.

In the 2008 ASQ Futures Study, social responsibility was elevated to the second leading force of change in quality. In recent years, it has become a more prominent focus of the Malcolm Baldrige National Quality Award Criteria, which many organizations use to keep their operations running at peak efficiency.

Investing in quality principles such as continual improvement, employee empowerment, and reduction of errors and waste contributes to the overall SR profile of an organization.

For anyone who wants to be seen as socially responsible, the available options are endless. Organizations and individuals alike make different choices based on what aspects of social responsibility are important to them, what fits in their unique culture, and what makes sense in their particular business environment. The result is an almost infinite variety of social responsibility approaches and activities.

This edition of the Quarterly Quality Report looks at the social responsibility approaches taken by three very different companies: Ecolab Inc., Target, and 3M. All are headquartered in the Minneapolis-St. Paul metropolitan area, and all were represented

on a social responsibility discussion panel held during ASQ's World Conference on Quality and Improvement in Minneapolis on May 19, 2009.

The panel was organized as part of ASQ's national social responsibility initiative—the SRO—the Socially Responsible Organization. The initiative was launched to help the world understand the value of, and the business case for, social responsibility (SR) and the role of quality to achieve results.

TARGET: When a Teapot Is Not Just a Teapot

With nearly 1700 retail stores in 49 states across the country and high-profile, distinctive national advertising campaigns, Target is a very well known retail presence in the United States. The company positions itself as a retail destination of choice, with products offering great design at affordable prices for everyone. The company's social responsibility activities also are geared toward establishing an image of Target in the minds of the public as a socially responsible organization.

Just as great design is a key element of the Target brand, design also influences Target's approach to social responsibility, according to Nate Garvis, senior public affairs officer.

Here is how Garvis explains some of the many paybacks of social responsibility for Target:

“In a world where everything is being commoditized, whether it's a product or a service or an employment opportunity or whatnot, you produce more value by de-commoditizing yourself. And you de-commoditize yourself by having some emotional pull. Here at Target, a teapot is a teapot until Michael Graves designs it for you. And you can charge more for it. It doesn't boil the water any faster, and it doesn't boil it any hotter. It just looks cool. So there's a design element to it that has an emotional attachment. People will pay a premium for it. I look at design very broadly as well. If we can design an organization to be focused on these more qualitative values in society then we've de-commoditized ourselves as an employment opportunity. Or a shopping destination.”

Garvis believes that one of the most self-interested reasons to engage in socially responsible behavior is because it allows the organization to attract and retain a much better work force.

“Folks want a paycheck, but they want more. I often describe to my team—I describe it this way: There's three kinds of income. The most obvious is financial, but the two most important kinds of income are intellectual income and emotional income. I'll pay you whatever HR allows me to pay you. But I'm going to expose you to issues every day that make you learn in ways that you can't learn anywhere else, and apply it in ways that make you smile when you put your head down on a pillow at night. So if you're just here for a paycheck, I'm not interested in you because someone can steal you away for a dollar more. But if you're here because you have the coolest job in the world that makes you think hard and apply it in ways that make your heart swell, then I'm going to hang onto you forever. So by working for an organization that is overtly focused on what we call social responsibility, we're going to have an employment offering that is more relevant and more responsive to a more excellent employee base.”

Distinguishing itself not only by providing great design, but also providing great value in products helps Target to instill in its customers and communities a feeling that Target is valuable to them as a merchant and neighbor.

Garvis says he thinks most people know what the company does, but oftentimes they don't know how they do what they do. "I want them to think of us as a valuable entity in their world," he says. "And that's because they understand what we mean in the world. And what we're trying to do in their communities. I like people to understand that the way we make money is a result of our focus not on being just an excellent merchant but understanding that excellent merchants can't thrive in anything other than an excellent community."

Target works to ensure that the communities in which it operates are as successful and healthy as possible. "It's in our self-interest" to do these things, says Garvis.

Target is widely known for giving 5 percent of its pretax profits back to its community, a policy in place since 1946. Currently, that commitment amounts to more than \$3 million per week channeled to organizations that support education, the arts, and social services. Community giving extends beyond the financial to include volunteerism. In 2008, more than 180,000 Target people donated more than 360,000 hours volunteering in their communities. Target also spearheads the Safe City initiative in 18 cities, which brings together businesses, residents, city government, and law enforcement agencies to reduce crime. "I can show you empirically that your neighborhood is safer with a Target in it," says Garvis.

ECOLAB INC.: Working Through Others to Advance SR Goals

When you open a can of soda or bottle of milk, when you dine in a restaurant, when you purchase a fresh chicken at your grocery store, or in countless other situations dependent on the safety of food and beverages, the cleanliness of utensils, and the cleanliness of the commercial environments where food is prepared and consumed, chances are very good that you are being protected by one of the many products from Ecolab Inc.

Ecolab cleaning, food safety, and infection control products and services also are found in healthcare facilities, commercial laundries, hotels, schools, and other commercial settings.

Ecolab may not be a household word in the way that Target is, but its products and services impact consumers in many ways. The company's 900,000 business-to-business customers worldwide use Ecolab products and services to keep consumers' food and facilities sanitary and safe.

"While we are working with business to business, at the end of the day those businesses are working with consumers," states Kristina Taylor, director of community and public relations at Ecolab, the world's leading provider of cleaning, food safety, and health protection products and services. "So while we don't work with the end consumer, we say we touch the average person every day 17 times."

It's no surprise, then, that many of Ecolab's social responsibility activities are focused on working with its institutional and commercial customers, helping them to be more sustainable and more socially responsible. The company wants to make sure its customers are providing a safe, clean environment for their employees and the customers who enter those locations by offering products that ensure safety and cleanliness while being sustainable and friendly to the environment. That is how it sees its greatest value and its greatest impact as a socially responsible organization.

"We want to make sure that we develop the best product that uses the least amount of energy, the least amount of water, a high level of safety, and at the end of the day there's very little waste involved," says Taylor.

Ecolab's commitment to sustainability and social responsibility goes back decades, according to Taylor: "Even back in the day when other people weren't thinking about how to provide product that is efficient in its delivery, we were already thinking about that. If you look at our progression over the last probably 35 years, I would say we've always been out ahead of the game and thinking this way. What we like to say is we were thinking green before green was in. Because it just made good business sense, quite honestly."

Internally, Ecolab models socially responsible behavior in its people development and community involvement activities. Recognized for many years as an outstanding place to work, Ecolab is making additional large investments in culture and inclusion programs to prepare for future changes in the work force. The company focuses many of its community grant dollars toward education initiatives, in addition to funding arts and environmental organizations.

"Everybody's talking about our challenges on the education front in the United States," Taylor comments. "We really feel strongly that we need to invest in education. Making sure that we continue to provide really strong individuals graduating not only from high school but obviously college as well. So they're able to become great employees down the road...not only for our work force but as our future leaders of the country."

Looking to the future, Ecolab expects to play an active role in helping its customers preserve scarce resources. "Water, energy, waste, safety—they're going to be big for a long time, if not always," states Taylor.

3M: Social Responsibility, Innovation, Quality

3M is fundamentally a science-based company. It produces thousands of imaginative products and is a leader in scores of markets – from health care and highway safety to office products, such as Post-it® and Scotch®, and optical films for LCD displays. Their success begins with an ability to apply technologies—often in combination—to an endless array of real-world customer needs. This focus on customers, and on the commitment of 3M employees to make life easier and better for people around the world, is the foundation for the company's focus on sustainability and social responsibility.

3M's operating philosophy is consistent with the United Nation's "Sustainable Development" framework, commonly referred to as sustainability. More specifically, 3M

pursues customer satisfaction and commercial success via a three-pronged approach that balances environmental protection, social responsibility and economic success.

“Companies with a long term commitment to success must focus on all three components of sustainability—they are explicitly intertwined,” says Paul Narog, 3M’s manager of environmental operations. “In addition to focusing on financial success, obviously critical to the long-term health of an organization and all stakeholders, one must also act in a way that respects people and the environment. People and productive relationships are cornerstones of every business. Natural resources are limited and must be used wisely and in a renewable manner.”

3M solidifies links to the communities in which it operates through its community giving programs, which in 2008 channeled nearly \$49 million from 3M and the 3M Foundation to community-based efforts in the United States in the areas of health and human services, education, the environment, and arts and culture.

Narog says, “It’s good business to make sure that you’re thinking about your stakeholders—your customers, your employees, the community around you.” He points to current global economic woes as an example of the adverse affect organizations have on society when making short-term decisions without sufficient regard to how those decisions affect people. “Current economic events really highlight in my mind the importance of the sustainability framework and specifically the value of social responsibility. When a company truly embraces a culture of respect, integrity, innovation and quality, it naturally leads to positive results and good outcomes for people,” he says.

At 3M, a company virtually synonymous with technology-based innovation, the science and technology culture meets the social responsibility culture in a program called Life Cycle Management (LCM). LCM is an integral part of 3M’s new product introduction process worldwide. It focuses on the broader impact of products and processes over their entire life cycle, from development and manufacturing, through distribution and customer use, to disposal.

There are also organizational changes occurring at 3M designed to have a positive benefit to the environment. One example is the formation of a new division focusing on renewable energy solutions. Narog says this reflects innovation in bringing together different parts of the company that have never before been together, to take advantage of the synergies of blending different technologies.

“That’s the magic of 3M—how you apply and blend those technologies to bring new products to market,” he says. “This shift is intentional, to accelerate how 3M can bring more value to the world, especially as it relates to the world of renewable energy.”

Providing value is also a key element in the parallels between sustainability and quality at 3M. Narog believes the same philosophies that drive quality also drive sustainability. “It’s all about understanding your stakeholder needs, providing real value, and effectively solving problems,” Narog says. “Focusing on the customer, the quality of the product, the associated environmental, health, and safety issues, and the needs of the business to be successful—these are not competing issues but rather are related, and all have to happen for the long-term sustainability of a product.”

Coming Soon: Guidance for Social Responsibility

The three companies featured in this report—a nationwide retailer, a manufacturer of products used by business and industry, and a diversified technology company—have chosen different routes on their path to social responsibility. Although there is great diversity in their SR activities, their basic approaches share some fundamentals that are closely attuned to core values associated with quality improvement efforts: laser-like focus on value for customers and society, commitment to waste reduction in all its forms, engagement with multiple stakeholders, and adherence to principles of integrity and ethical behavior.

The approaches of these organizations have been formed over a period of many years, shaped by their unique corporate cultures. And soon there will be a new tool that organizations can use to form their approach to social responsibility. The ISO 26000 Guidance on Social Responsibility is scheduled for release in 2010. ASQ is coordinating the U.S. involvement in the standard, serving as the U.S. Technical Advisory Group secretariat.

In its current draft, ISO 26000 defines social responsibility as the “responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- Contributes to sustainable development, including health and the welfare of society;
- Takes into account the expectations of stakeholders;
- Is in compliance with applicable law and consistent with international norms of behavior; and
- Is integrated throughout the organization and practiced in its relationships.”

The ISO 26000 international standard will lay out fundamentals providing guidance for the particular social responsibility choices that an organization makes. But the details will still be up to the individual organizations, ensuring a continued broad spectrum of social responsibility engagement.

[Additional information on how other organizations accomplish their social responsibility goals can be found in a monograph of case studies that ASQ has assembled in conjunction with TheSRO, ASQ’s social responsibility initiative. Included are success stories from organizations such as Goodwill Industries of Southeastern Wisconsin, Inc., Johnson Controls, Aurora Health Care, Intel, Manpower, MillerCoors, and others. The monograph can be viewed at <http://thesro.org/>.

The next steps for The SRO initiative include:

- *Establishing an International Social Responsibility Think Tank that will bring together some of the world’s leading experts later this year.*
- *A conference in Milwaukee in 2010 featuring executive roundtables to celebrate the release of the new ISO 26000 Guidance on Social Responsibility Voluntary Standard.]*

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About the American Society for Quality

ASQ (www.asq.org) is the world's leading authority on quality. With more than 90,000 individual and organizational members, the professional association advances learning, quality improvement, and knowledge exchange to improve business results and to create better workplaces and communities worldwide. As champion of the quality movement, ASQ offers technologies, concepts, tools, and training to quality professionals, quality practitioners, and everyday consumers, encouraging all to Make Good Great[®]. ASQ has been the sole administrator of the prestigious Malcolm Baldrige National Quality Award since 1991. Headquartered in Milwaukee, WI, the 60-year-old organization is a founding partner of the American Customer Satisfaction Index (ACSI), a prominent quarterly economic indicator.