



ASQ®

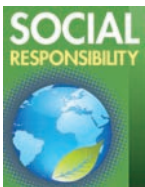


Seeking Sustainable Success: ASQ Integrates Quality and Social Responsibility *in the SERVICE and GOVERNMENT SECTORS*

Summary

Businesses, organizations, and government entities that seek to be better positioned for the future need to understand the importance of addressing social responsibility through quality management and improvement tools that help reduce costs, improve efficiency, and have a positive impact on their communities.

ASQ refers to the quality triple bottom line as the integration of social, economic, and environmental measures. Performance and results improve as the view and cultural integration of quality expands.



State of Iowa
The state of Iowa used a Design for Lean Sigma event to create its Office of Energy

Independence, which sets the strategic direction for Iowa's clean energy future by identifying goals to achieve desired results.^{vi}

Social responsibility (SR) is defined 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:

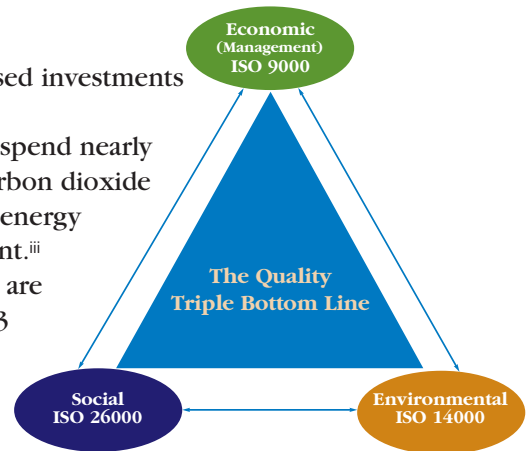
- Contributes to sustainable development, including health and the welfare of society;
- Takes into account the expectations of stakeholders;
- Is in compliance with applicable law and consistent with international norms of behavior; and
- Is integrated throughout the organization and practiced in its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

No matter the size or focus of the company, organization, or government entity—whether it’s a bank, utility, nonprofit advocacy group, county parks department, or federal agency—those that seek to be better positioned for the future are working to understand the importance of addressing SR through quality management and improvement tools.

Service and Government Sector Impact

SR’s key elements often are referred to as the triple bottom line—social, economic, and environmental measures. These issues increasingly impact the service and public sector community. That’s especially true in difficult economic times when they need to do more with less while at the same time attract qualified workers and comply with regulations. For instance:

- **Economic:** U.S. socially responsible-based investments account for \$2.7 trillion.ⁱⁱ
- **Environmental:** U.S. retail companies spend nearly \$20 billion on energy each year. The carbon dioxide emissions produced as a result of most energy generation is harmful to the environment.ⁱⁱⁱ
- **Social:** U.S. service-providing industries are expected to increase employment by 13 percent—15.8 million jobs—from 2006-2016, affecting thousands of communities.^{iv}



It’s important to note that the three elements of SR often are intertwined. For example, Starbucks has purchased and sold Fair Trade Certified™ coffee in an effort to empower small-scale farmers organized in cooperatives to invest in their farms and communities, protect the environment, and develop the business skills necessary to compete in the global marketplace.^v

Business Quality and Improvement Strategy

Companies and organizations are demonstrating how social responsibility has evolved from what may have been considered public relations into a business quality and improvement strategy and competitive advantage. According to a February 2009 McKinsey report:

- 45 percent of investment professionals believe global economic turmoil has increased the importance of governance programs.
- 66 percent of chief financial officers agree that environmental, social, and governance programs create value for shareholders in typical times.
- 66 percent of executives believe shareholder value created by environmental and governance programs will increase in the next five years relative to their contributions before the economic crisis.^{vii}

Thanks to improved technology and processes, businesses and organizations are finding tremendous opportunities in addressing the issues, including lower utility costs, healthier employees, and stronger communities. And combining SR with quality tools that reduce waste and errors can provide an integrated solution for tackling challenges and driving performance that results in multiple benefits for companies, employees, and society.

Growing Interest

Addressing SR in a clear and consistent way is growing in importance for many reasons.

- **Stakeholders need transparency for trust.** Stakeholders want demonstration of social responsibility measurements and transparent reports on environmental, social, and economic factors. One survey indicates that financial profitability and performance fall behind employee well-being, transparent and honest business practices, and frequent communication in the list of factors that could build trust.^{viii}
- **Instant online communications means instant information.** Taxpayers, customers, suppliers, the media, investors, volunteers, media donors, and others can quickly and easily learn about an organization's good reputation and practices—as well as bad decisions, scandals, and poor policies—and spread the word. SR reports can help organizations engage with many new audiences.
- **SR is an important factor for employees.** More than one-third of respondents to a *Personnel Today* survey said that working for a caring and responsible employer was more important than the salary they earned. As many as 44 percent of respondents said they would discount an employer that had a bad reputation, while nearly half said SR policies should be compulsory.^{ix}



Potawatomi Bingo Casino

Potawatomi Bingo Casino considers responsible gambling its social priority and is committed to making people aware of the risks as well as providing resources for those who need to address it.

www.paysbig.com

- **Suppliers are increasingly demanding SR accountability.** Wal-Mart's Sustainability Index, an effort to involve its 100,000 global suppliers in development of a simple rating for consumers about the sustainability of products, sets the stage for a global transformation in the way consumer products are made.
- **Government is getting involved.** Global, federal, state, and local policies, fiscal incentives, and voluntary guidelines mean many public and private institutions and companies will need to measure, report, and reduce GHG emissions.
- **SR can contribute to financial savings.** For example, using lean principles, Goodwill Industries in Illinois saved about \$120,000 on cooking oil alone by removing deep-fat fryers. In addition to providing healthier food, this move also cut the number of foodservice-related slips and falls, reduced preventive maintenance costs, and eliminated the environmental challenges associated with grease disposal.^x

Multiple Benefits

As ASQ works with government and service organizations to support vibrant connections among the diverse and dynamic issues, SR is playing an important role in helping:

- Attract and retain employees.
- Contribute to better working environments and outcomes.
- Improve operations in key areas of efficiency and cost reduction.
- Develop a consistent approach to triple bottom line issues.
- Provide reporting and transparency.
- Encourage quality practices through measurement and continuous improvement.
- Strengthen an organization's brand image and awareness.
- Improve and diversify the supply chain.
- Improve risk management.
- Better understand and serve the local community.

It's important to involve a diverse group of stakeholders in planning SR efforts. Results from one study showed that initiatives that are voluntary and strategic, as opposed to coerced and/or non-strategic, generate the most sustainable mutual benefit to an organization itself and its social beneficiaries.^{xi}

ASQ Tools

Quality tools can help organizations determine where they are in the SR spectrum and implement processes to improve. Here are some ways ASQ tools can help organizations connect their operations to quality and SR through models, standards, and data-based decision making:

- **Continuous Improvement:** Evaluating SR in terms of efficiency and effectiveness, then developing targets for improvement.
- **Lean Methods:** Showing how creating more value with less work and less waste can reduce environmental and social impacts on employees, the supply chain, and communities.
- **Six Sigma:** Developing statistical methods to identify and remove the causes of defects and errors in social, environmental, and financial issues, and creating a special infrastructure of people to address the concept within the organization.
- **Baldrige Criteria:** ASQ administers the Malcolm Baldrige National Quality Award under contract to the National Institute of Standards and Technology. The Award criteria ask for information about how businesses and organizations consider the well-being of environmental, social, and economic systems to which they contribute. It was expanded in 2007 to include nonprofit organizations such as government agencies, charities, and trade and professional organizations. ^{xii} (See Page 4 for an example of a Baldrige-winning organization and its commitment to SR.)
- **Education:** ASQ holds an annual Quality in Sustainability Conference to inform professionals about SR issues. It also helps those involved in environment, economics, and SR to engage in quality principles and practices. Other training,



Harvard Business Review

“Why Sustainability Is Now the Key Driver of Innovation”

Five Phases of Change

Stage 1: Viewing Compliance as Opportunity

Stage 2: Making Value Chains Sustainable

Stage 3: Designing Sustainable Products and Services

Stage 4: Developing New Business Models

Stage 5: Creating Next-Practice Platforms ^{xi}

conferences, and online courses provide the tools, technology, and resources necessary to carry out the voluntary guidance and measure effective results in areas such as:

- Developing and communicating the economic cost of sustainability
- Integrating quality and environmental management systems
- Building a quality management program around the LEED® rating system

- **Leverage partnerships:** Globally, ASQ has formed relationships with other organizations that have comparable missions and principles. Its international strategic alliances are helping to address SR needs of organizations and individuals worldwide.

Conclusion

A growing body of evidence asserts that SR helps organizations be more productive, differentiate their brands, and attract top talent. Additionally, an increasing demand for transparency, tracking of environmental issues such as GHG emissions and water use, preparation for climate change impacts, and other potential challenges are making organizations understand the need for measurement and management.

While the idea of quality and standards may seem daunting to some organizations, especially small and medium enterprises, if they take responsibility for engaging the people and communities in which they operate by tapping into ASQ resources, the sector as a whole will benefit, as will individual companies and their suppliers. And that ultimately benefits society.

ISO 26000: Guidance on Social Responsibility

ASQ serves as the U.S. Technical Advisory Group secretariat for ISO 26000: Guidance on Social Responsibility, which the International Organization for Standardization (ISO) is coordinating globally with 90 other countries. ISO 26000 is a guideline that can be integrated into best practices—not a certification; and it is intended for all organizations and sectors—not just corporations. While ASQ embodies and supports all seven subjects, initially it is concentrating on the areas that will deliver the greatest value to the quality community by focusing on three elements: organizational governance, environment, and community involvement and development. ASQ is aligning its body of knowledge and competency in waste reduction and customer advocacy to provide information on areas that quality can truly impact.





Online Resources

ASQ/SR

The Socially Responsible Organization

www.asq.org/services
www.TheSRO.org
Fosters a sense of community and connection around SR through sharing stories, experiences, and values, and by providing printed and online successful practices, case studies, and tools.

The Environment

Climate Leaders

www.epa.gov/stateply

Energy Star

www.energystar.gov

GreenBiz

www.greenbiz.com

Social Responsibility

Business for Social Responsibility

www.bsr.org

Business Ethics

www.business-ethics.com

Institute for Supply Chain Management

<http://www.ism.ws/sr>

Baldrige Award

www.baldrige.nist.gov

ISO 26000

www.iso.org/sr

Coral Springs, Florida — 2007 Baldrige Award Winner

Chartered in 1963 and once known as the “City in the Country,” Coral Springs is located in Broward County in southern Florida. During the 1980s, the city was one of the fastest growing in the nation and now is home to about 132,000 people, making it the 13th largest city in the state. The city has a work force of about 770 full-time employees and about 300 part-time and temporary employees as well as a large pool of more than 800 people who volunteer as needed for emergencies, special events, or other activities.



The city’s strategic plan, which is reviewed and updated annually, represents a shared vision for the future of the community and spells out its priorities: customer-involved government; financial health and economic development; excellence in education; neighborhood and environmental vitality; youth development and family values; strength in diversity; and traffic, mobility, and connectivity.

Coral Spring’s results are aligned with many aspects of the SR triple bottom line: **Economic:** Coral Springs has consistently attained a AAA credit rating from all three of the nation’s largest bond rating agencies—Moody’s Investor Services, Standard and Poor’s, and Fitch—and has received the Government Financial Officers Association’s Distinguished Budget award for many years.

Social: Everything the city does is aimed at making the community a better place to live and measuring the impact. Since 1999, the percentage of residents who are satisfied with city services has been in the mid- to upper-90s. Coral Springs has become a model in Broward County by establishing a Multi-Cultural Advisory Committee to promote appreciation, acceptance, and respect for the city’s diverse cultural community.

Environmental: The city has taken a leadership role in minimizing adverse impacts on the environment, including using environmentally safe cleaning products and bio-diesel fuel to run all of its large trucks, along with purchasing hybrid vehicles. To protect native plants and animals, the city has purchased and placed in trust 66 acres of environmentally sensitive land. The city supports the U.S. Conference of Mayors’ Climate Protection Agreement, and as a result is developing policies for green buildings.

- i ISO 26000 Draft International Standard, September 2009 – <http://www.asq.org/knowledge-center/standards/index.html>
- ii On Wall Street: “SRI Plows the Path to Profitability” – http://www.onwallstreet.com/ows_issues/2009_8/sri-plows-the-path-to-profitability-2663476-1.html
- iii EPA Energy Star – http://www.energystar.gov/index.cfm?c=industry.bus_nam_epa
- iv Bureau of Labor Statistics – www.dpeaflcio.org/programs/factsheets/fs_2009_service_sector.pdf
- v Starbucks – www.starbucks.com
- vi Iowa Office of Energy Independence – www.energy.iowa.gov/OEI/docs/LeanEventReport.pdf
- vii McKinsey – “Valuing Corporate Social Responsibility: McKinsey Global Survey Results” www.mckinseyquarterly.com/Surveys
- viii Edelman – “Trust 2009 – Midyear Special Report” http://www.edelman.com/trust/midyear/docs/Exec_Summary_Trust_2009_Midyear_Special_Report_FINAL.pdf
- ix *Personnel Today* – <http://www.personneltoday.com/articles/2008/06/12/46285/employers-show-caring-side-with-lobby-group-launch.html>
- x TheSRO – <http://thesro.org/wp-content/uploads/2009/04/goodwillse-wistory.pdf>
- xi Emerald Insight – “Corporate social responsibility: an avenue for sustainable benefit for society and the firm?” – www.emeraldinsight.com/1746-5680.htm
- xii Baldrige Criteria – <http://www.baldrige.nist.gov/Criteria.htm>
- xiii *Harvard Business Review* – “Why Sustainability Is Now the Key Driver of Innovation” – <http://hbr.harvardbusiness.org/2009/09/why-sustainability-is-now-the-key-driver-of-innovation/es>

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