

# What's CSR Got To Do With I.T?

IT Service Management and Corporate Social Responsibility

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## 1 Introduction

CSR has been gaining traction from CEOs who see it as a new opportunity for growth and differentiation from the competition. It also gives organisations permission to enter new markets and to attract and retain top talent.

93% of CEOs believe that sustainability issues will be crucial to the future success of their business. UN Global Compact- Accenture CEO Study 2010 (Accenture, 2010)

According to an IBM CEO Study, the investment in CSR is growing at a rate of 25% – more than any other trend. (IBM).

It is no longer just about the environment and sustainability, workers rights and community contribution but now also includes accurate financial reporting, data integrity and security and the quality of life of the organisation's employees.

So, the CEO agenda is squarely focused in three areas: environmental concerns, socioeconomic factors and people skills.

Q: What is the link between the three?

A: Information Technology.

IT must not only be environmentally friendly but also provide the key metrics, reporting and analysis that allows an organisation to manage all aspects of the CSR effectively – from the environmental perspective, to detailed financial analysis and data, to employment and work practices.

The Internet is making it easy for us to gather information about what organisations are doing in these areas. Customers and consumers are in the driving seat. From what they find on the Internet, they form their own brand perceptions regardless of the corporate messages through advertising and other media. They then communicate what they have found to others. They join non-government organisations such as advocacy groups and glean more information that they can then pass on.

Other stakeholders are also seeking this information including the hard-to-attract talent that can choose their employer, investors, shareholders, suppliers and partners.

Therefore it is IT that is looked for to not only adhere to the CSR policy but also provide the transparent information being demanded.

This puts the CIO right in the middle of the organisation's CSR activities.

The CIO is being called upon to gather the data, analyse, and communicate massive amounts of data. Some of this may not even be collected today and if it is the CIO has to ensure the accuracy, reliability and relevance of the data.

Standards such as ISO 140001 for environmental management systems increase the focus.

Add to this that 2010 saw the introduction of ISO/DIS 26000 – Guidance on Social Responsibility – then there is even more pressure on IT to deliver.

IT Service Management (ITSM) and best practice guidance such as ITIL provides a framework for the CIO to address the sustainability challenge and embed CSR practices in to the fabric of the organisation.

This paper will explore what CSR is and why it is so high on the CEO agenda, the resulting pressure on the CIO and how the CIO can use the ITIL framework to address the challenges facing them.

## 2 What is CSR?

Before we go any further let's define what CSR is. According to CSR Network:

Corporate social responsibility (CSR) is about how businesses align their values and behaviour with the expectations and needs of stakeholders - not just customers and investors, but also employees, suppliers, communities, regulators, special interest groups and society as a whole. CSR describes a company's commitment to be accountable to its stakeholders. (CSR, 2010)

CSR demands that businesses manage the economic, social and environmental impacts of their operations to maximise the benefits and minimise the downsides.

Key CSR issues include governance, environmental management, stakeholder engagement, labour standards, employee and community relations, social equity, responsible sourcing and human rights.

CSR is not only about fulfilling a duty to society; it should also bring competitive advantage. Through an effective CSR programme, companies can:

- improve access to capital
- sharpen decision-making and reduce risk
- enhance brand image
- uncover previously hidden commercial opportunities, including new markets
- reduce costs
- attract, retain and motivate employees

### 2.1 Who does it concern?

As already mentioned, CSR is rapidly gaining traction among CEOs as a new opportunity for differentiation and growth. A biennial IBM study (IBM, 2008) shows that over the last six years the three external issues that are consistently rising on the CEO agenda are related to CSR.

**Environmental issues:** Companies are looking to improve energy efficiency, reduce their carbon footprints and manage recyclables and waste in the supply chain, for example

**Socioeconomic factors:** Companies are being held responsible for the socioeconomic well being of the regions in which they operate and of the people they employ

**People skills:** An organisation's reputation for CSR is becoming an important tool in attracting talented employees

The link between all of those issues is IT. IT must not only be energy efficient itself but also provide the key metrics and analysis that allows a company to manage all aspects of the CSR effectively – from environmental impact, to detailed financials to labour practices and so on.

It has to provide transparent information for all of its stakeholders including staff, customers, shareholders, NGOs, governments – all of whom are demanding access.

This means that the pressure on the CIO to deliver is full on. This is a wake-up call. CSR is here and it is not going to go away. The CEO is looking at CSR as a differentiator and opportunity for growth and the onus is going to be on the CIO.

Today, CIOs in Australia and New Zealand either report to the CEO (35%) or CFO (26%), the COO (24%) or come other (15%). Gartner Executive Programs CIO Survey 2010 has stated that this is set to change dramatically over the next 3 years with some 56% reporting directly to the CEO in 2013 (Gartner, 2010).

With that in mind, CIO's had better be in a good position to respond to the CEO demands for support of the organisation's CSR or the average CIO tenure of 4 years could start to decrease!

### 3 Why is CSR High on the CEO Agenda?

There are many drivers and triggers for organisations to engage in CSR. A joint research project undertaken by Green Capital and CSR Sydney (Green Capital & CSR Sydney, 2008) across Australian organisations revealed that the top ten drivers for CSR were:

1. Company culture/values
2. Reputation
3. Brand image
4. Attracting and retaining employees
5. Profitability
6. Securing long term viability in the market place
7. Competitive advantage
8. Improving energy efficiency
9. Risk management
10. Customer demand

All of those were above the response to public awareness on climate change (ranked 11), compliance with legislation and standards (ranked 14) and reducing the cost of emitting – green house gas (GHG) (ranked 18). Therefore, where CSR was once primarily focused on regulatory compliance and philanthropy, CSR is now seen as the organisations ability to differentiate its brand, products and services; enter new markets; and attract and retain top talent.

#### 3.1 Company Culture & CSR

CSR is the way in which an organisation can put into action and demonstrate its corporate culture - attitudes, values, beliefs, norms and customs. Organisations that can show that their values are embedded into the way in which they operate can reap enhanced brand value and reputation and good relations with society as well as their stakeholders (customers, employees, regulatory authorities and suppliers).

#### 3.2 Reputation & Competitive Advantage

72% of CEOs cite “brand, trust and reputation” as one of the top three factors driving them to take action on sustainability issues. Revenue growth and cost reduction is second with 44%. UN Global Compact- Accenture CEO Study 2010 (Accenture, 2010)

The State of CSR In Australia Report 2008 showed that organisations that have strong corporate social responsibility management capabilities are more likely to reduce risk and conflict with stakeholders, and improve reputation and competitive advantage (ACCSR, 2009).

The fact is that organisations operate in a market of opinion. The way in which customers, suppliers and the broader community judge organisations, will have a direct impact on their profitability and success. CSR offers a means by which organisations can manage and influence the attitudes and perceptions of their stakeholders, building their trust and enabling the benefits of positive relationships to deliver business advantage.

Companies can use CSR to strategically decide whether to be a follower or a leader. At the CSR Performance summit in New York City – May 2009 – Ted Jackson of Ascendant Management Group used the example of “Dolphin-friendly” tuna. This is a good example of how CSR can help organisations to find “cover” in a leadership position – getting competitors to fall in behind a more expensive alternative because of a risk to reputation and possible consumer backlash. (Pilot, 2009).

CSR has been referred to as your “calling card” when hoping to break into new markets.

### 3.3 Brand Image

Organisations and CEOs in nearly every industry will embrace CSR, not only because it's the right thing to do, but also because it strengthens their brands.

The greatest asset of any organisation is its brand and its perceived value among its customers. Brands are more than just symbolic value - the financial value of one of the world's most well-know brands — Coca-Cola — is valued at \$170 billion.

When the company that's owned the top spot in the interbrand Global Brand List for the past eight years makes a move, others follow. Or, at least, they take note.

Coca-Cola has released.... no, not its secret formula, but the carbon footprint of its various brands. That's right: we now know that "a 330ml can of Coca-Cola sold in Great Britain has a carbon footprint of 170 grams and the same sized can of 'diet Coke' or Coke Zero' has a footprint of 150 grams. A 330ml glass bottle of Coca-Cola has a footprint of 360 grams".

So what does that mean? Does it make Coca-Cola green because it's facing up to its corporate social responsibility and working on programs to reduce its footprint? Given what happened when it tried to improve its formula in the 1980s, could this be a key strategy for the company – as it leaves the product alone and looks at how CSR can enhance the brand. (Squintani, 2009)

Customers are concerned how an organisation manufactures its product and whether it is managing for continued sustainability through attention to economic, environmental, and social performance. If not, a brand's reputation can decline, and with it, a corresponding decrease in future sales and profits.

CSR covers all aspects of a business' day-to-day operations. Everything the organisation does in some way interact with one or more of its stakeholders and organisations need to build a watertight brand with respect to all stakeholders. Whether as an employer, producer, buyer, supplier, or investment, the attractiveness and success of a company today is directly linked to the strength of its brand.

A US survey in 2006 revealed that 63% of adults surveyed said that they "believe that a company's record of being socially responsible would be 'extremely' or 'very' influential in their decision regarding whether to invest in a company". In addition, the majority of those surveyed rated "being socially responsible" as the factor most likely to make them loyal to a particular brand or organisation. (Hilliard, 2006)

### 3.4 The War On Talent

Increased pressure on bottom-line results, growing competition and globalization, mean business have been under pressure to increase productivity, streamline operations, contain costs and deliver maximum shareholder value and profit. Therefore companies must recruit and retain the best and brightest employees.

There is growing evidence that a company's CSR activities comprise an increasingly important way to attract and retain good employees from all generations. It is not only important to young professionals but to employees of all levels of experience and age (MBR, 2009).

Employees want to be a part of an organisation that cares about more than just the bottom-line. They want to be a part of an organisation that demonstrates value by engagement and contribution to the community.

An organisation's active participation in corporate social responsibility efforts has a significant influence on employees' engagement levels. The link between CSR and employee engagement could mean different things to different companies. However, the basic conclusion is the same – companies that do a good job of CSR activities are recognised as great employers. On the other hand, employees who are satisfied with their organisation's commitment to social and environmental responsibilities are likely to be more positive, engaged and productive. (Srivastava, 2009)

CSR is now linked to how well employees perform.

A global Workforce Study undertaken by Towers Perrin (Towers Perrin, 2008) found that CSR is the third most important driver of employee engagement in the USA. It found that an organisation's stature in the community is the second most important driver of employee engagement. This is important because higher employee engagement levels are highly correlated with better business performance as measured by revenue, earnings and other key business metrics.

<sup>1</sup>The Green Capital and Sydney CSR research indicated the strength of the war for talent in Australia (Green Capital & CSR Sydney, 2008). 83% of respondents stated that attracting and retaining employees was a very important driver for CSR. If organisations are to attract good staff and most importantly retain them, the organisation has to demonstrate it is responsible to its people, to the community and to the environment.

Leeora Black of the Australian Centre for Corporate Social Responsibility (ACCSR) states: "Research shows CSR has significant effects on employees: it increases their sense of commitment to and identification with their employer, it strengthens the image they hold of their employer and it reduces their intention to quit".

"These CSR effects on employees translate into business performance because they reduce the costs of employee turnover and workplace conflict and decrease the likelihood of self interested behaviour". (Black, 2004)

Companies that account for the interests of their employees by offering good working conditions will achieve better performance in terms of quality and delivery and therefore achieve higher levels of productivity



### 3.5 Risk Management

Managing risk is a central part of many corporate strategies. Reputations that take decades to build up can be ruined in hours through incidents such as corruption scandals or environmental accidents. These can also draw unwanted attention from regulators, courts, governments and media. Building a genuine culture of 'doing the right thing' within a corporation can offset these risks

### 3.6 Profitability and Long Term Viability

Successful organisations are practicing CSR in a manner that generates significant return to their business. CSR is an investment that brings financial returns. According to IBM, 68% of global organisations are utilising CSR as an opportunity and platform for growth (IBM, 2008). Business executives are seeing CSR as a sustainable growth strategy.

CSR is no longer just a concern about non-compliance to laws and regulations and the subsequent cost of litigation and loss of reputation. Of the organisations surveyed by IBM, not only did over two-thirds say they were focusing on CSR to create new revenue streams but over half (54%) believe that their companies CSR activities are already giving them an advantage over their competitors.

All of the drivers already mentioned including the adherence to legislation will increase financial performance of the organisation and therefore is at the heart of the CEO agenda. Increased employee engagement and productivity, turning environmental and societal risks into business opportunities, management of reputation, effective management of risk, increased competitiveness and market position, operational efficiency, improved investor relationships and increased access to capital and licence to operate are all financial drivers for CSR.

<sup>1</sup> Illustration by Ian Whadcock – The Economist 2008



Paying attention to CSR can amount to enlightened self-interest, something that over time will help to sustain profits for shareholders. The truly responsible business never loses sight of the commercial imperative. It is, after all, by staying in business and providing products and services people want that firms do most good. If ignoring CSR is risky, ignoring what makes business sense is a certain route to failure.

It is the interaction between a company's principles and its commercial competence that shapes the kind of business it will be. A company that is weak on both values and commercial competence is simply a bad business. One that has strong values but is badly run, without proper attention to translating values into profits, will plainly not do well. In contrast, a company that is highly competent commercially but does not bother with corporate responsibility may work just fine, but it could also prove increasingly risky. Lastly, a combination of a strong commitment to CSR and strong commercial competence gives a good chance of success. (The Economist, 2008)

## 4 The Benefits of CSR

The joint research by Green Capital and CSR Sydney (Green Capital & CSR Sydney, 2008) revealed the main benefits of CSR to the Australian organisations surveyed as:

1. Improved brand image
2. Risk reduction
3. Attracting good staff
4. Long term viability in the market place
5. Product / market innovation
6. Higher staff retention
7. Improved bottom line
8. Cost savings
9. Increased productivity
10. Reduced cost of supply chain management
11. Share price increase

The interesting observation from the survey was that there was a drop in the number of organisations who identified a driver for CSR and the number that experienced the corresponding benefit – not all the respondents were achieving the benefits they were targeting.

There was a correlation between the years of engagement of the organisation in CSR and the number of benefits experienced by the organisation. The survey demonstrated that most of the benefits by the respondents have been experienced by organisations engaged in sustainability for at least three years. Furthermore, financial benefits such as improved bottom line, cost savings, increased productivity, reduced cost of supply chain management, and share price increases had been experienced almost exclusively by companies engaged in CSR for at least three years.

This factor alone will focus the CEO's activities either in catching up with those organisations already reaping the benefits of CSR engagement or maintaining / increasing momentum and staying ahead of the game.

## 5 Management of Sustainability Today

In February 2010, McKinsey & Company undertook a survey of 1,946 executives representing a wide range of industries and regions (McKinsey & Company, 2010). They found that more than 50% of executives consider sustainability – the management of environmental, social and governance issues – “very” or “extremely” important in a wide range of areas, including new product development, reputation building, and overall corporate strategy. Yet, companies are not taking a proactive approach to managing sustainability: only around 30% of executives said that their company actively seek opportunities to invest in sustainability or embed it in their business practices.

The survey uncovered a wide range of definitions of sustainability amongst its respondents. However, even with the wide range of definitions, most respondents (76%) said that sustainability contributed positively to the shareholder value in the long term and 50% saw short-term value creation.

The difference in views on short- and long-term value creation may be explained in part by the fact that building reputation is in a class of its own when compared with other, more immediately financial reasons for engagement such as alignment with the company’s business goals or improving operational efficiency. 72% of respondents said that considering sustainability is “extremely” or “very important” for managing corporate reputation and brands. In addition, 55% agreed that investment in sustainability helps their company build reputation and 35% saw building reputation as a top reason for addressing sustainability.

Companies where sustainability is a top item in their CEO’s agendas are twice as likely as others to integrate sustainability into their companies’ business practices. This suggests that senior executives who want to reap the benefits of incorporating sustainability into their companies’ overall strategies must take an active role in the effort. (McKinsey & Company, 2010)

Those that manage sustainability proactively are much likelier to seek and find value creation opportunities.

## 6 The Pressure on the CIO

The pressure to achieve business efficiency and sustainability is being piled on IT managers more than anyone else in business according to an IDC survey.

74% of managers involved in sustainability said that IT managers are given the main responsibility.

Chris Ingle of IDC said: "IT managers need to take effective action to meet the challenge".

"The big area you need to focus on is improving workflow. After that you also need to make your datacenter more modular, you need better data and asset management and a change in client device strategies". (King, 2009)

Traditional views on sustainability had been focused on hardware recycling and use, the impact of services, and data de-duplication and power management, he said.

Ingle said that the mindset that green IT managers needed was "how can IT contribute to the reductions across the business and not just within the IT department itself.

Some of the capabilities and practices being put in place range from corporate transparency initiatives to improve brand reputation and monitoring supply chain activities to "greening" of the data centres aimed at better management of energy efficiency and carbon footprint.

In all of these cases, it is the CIO who is being asked to deliver.

### 6.1 Where is the pressure coming from?

Driving the agenda for the CEO are the customers, employee, suppliers, investors and partners. Customers want information about environmental and social policies, international trade practices, product health and safety records, procurement and sourcing policies, product composition and lifecycle management, community activities and the way in which employees are treated. Potential employees want to know whether the organisation is one in line with their own values before accepting employment and existing employees want to be assured that the organisation is meeting its CSR obligations. Investors are including CSR factors into their decisions about whether to invest in a particular organisation or not and suppliers and partners are looking to the organisation to ensure that the values and CSR are in line with their own. Organisations are digging deeper into their partners' operations asking questions about CO<sub>2</sub> emissions and the impact of hazardous components in the supply chain.

58% of CEOs identify consumers as the most important stakeholder group that will impact the way they manage societal expectations. Employees were second with 45%. UN Global Compact- Accenture CEO Study 2010 (Accenture, 2010)

Where do these stakeholders obtain their information? It no longer through marketing and advertising which is pushing selective information out to the audience but through the internet and social media which allows the stakeholder to gather information – pull – from whatever sources they have access to. This information is how the stakeholder makes their decisions about an organisation and forms their own perception of "brand" rather than the one that the organisation itself may be perpetuating.

Almost half the respondents surveyed in the Rethinking Corporate Social Responsibility report (Hilliard, 2006) said that they used the Internet to do their own research about a company's CSR track record. In particular, consumers like to be able to receive "uncensored information from their peers".

The power of the internet and social media along with the existence of advocacy groups, non-government organisations (NGOs), industry watchdogs, consumer groups, forums and the like, all sharing and exchanging information, makes it imperative that the way in which organisations operate is transparent.

This is where pressure is on the CIO and IT. According to IBM (IBM, 2008):

“They will be called upon to gather, analyse and communicate massive amounts of data – some of which is not currently being collected – and ensure their accuracy, reliability and relevance. Companies will need to collect and share information across a wide array of channels and with multiple constituencies to ensure that customer – and partner – needs are met, not to mention the needs of NGOs, governments and community organisations”.

The consumer is setting the CSR agenda and the experts say that many of the consumer drivers for CSR point directly at IT.

What does the CIO need to do and how can Service Management assist?

## 7 The CIO CSR Agenda

The CIO agenda needs to include integration, transparency, employees and Green IT if it is to support the CSR agenda of the CEO and the organisation.

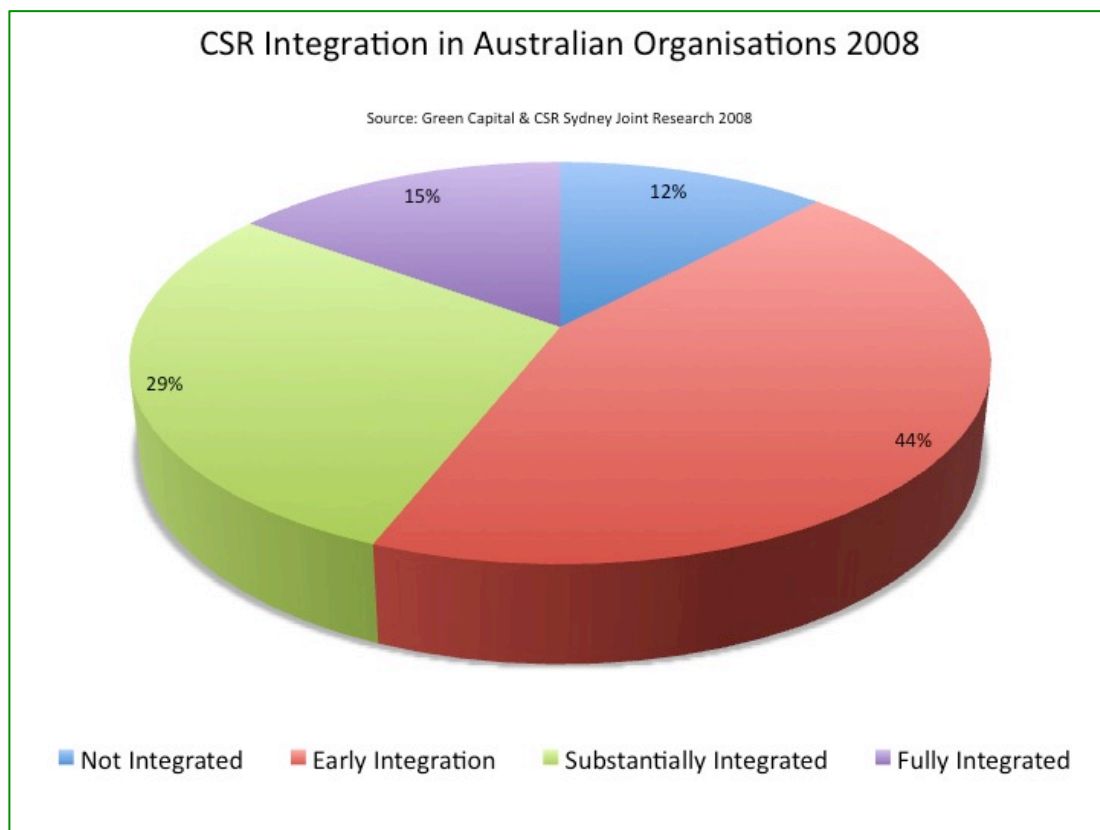
### 7.1 Integration

According to Courtney Macavinta writing in CIO Strategy Centre (Macavinta, 2010), there is a good place for CIO's to start.

"Take inventory to align IT practices with the company's CSR mission statement".

The Green Capital and CSR Sydney Joint Research (Green Capital & CSR Sydney, 2008) determined the perception of CSR integration into the organisation by the respondents. The results are shown in

Figure 1. The majority of organisations are in the stages of early integration.



**Figure 1: CSR Integration Levels in Australian Organisations - Green Capital and CSR Sydney Joint Research 2008**

The research defined the levels of integration as:

**Not integrated:** Sustainability / CSR objectives are seen as separate from the organisation's business

**Early integration:** Sustainability / CSR becoming part of normal business

**Substantially integrated:** The organisation's Sustainability / CSR objectives are generally in line with the organisation's general objectives

**Fully integrated:** Individuals, departments and the organisation as a whole consider the environmental and social implications of their decision-making processes together with the financial success of the organisation linked to KPIs as a measurement tool

The research revealed that the higher the level of integration of CSR to the business strategy, the bigger and the more numerous the benefits the organisation derived from its engagement in CSR.

The higher the level of integration, the increased ability of the organisation to attract good staff, reduce risk, establish long term viability in the market place, increase productivity, improve brand image, improve the bottom line, save costs and provide product and market innovation. It was only the organisations with a higher level of integration of CSR that said they experienced financial benefits such as higher profitability, cost savings and share price increase.

The level of reported negative impacts or risk associated to CSR also decreased when the level of integration increased.

It is clear that CSR is an ongoing process or a journey and is about progressively developing a sustainable strategy that meets the overall business strategy. In other words, organisations engaging in CSR engage in a process of integration of CSR into the business. The successful organisations work to embed in CSR into their business and the day-to-day activities of their staff.

IBM describes the journey as the CSR Value Curve as shown in

Figure 2.

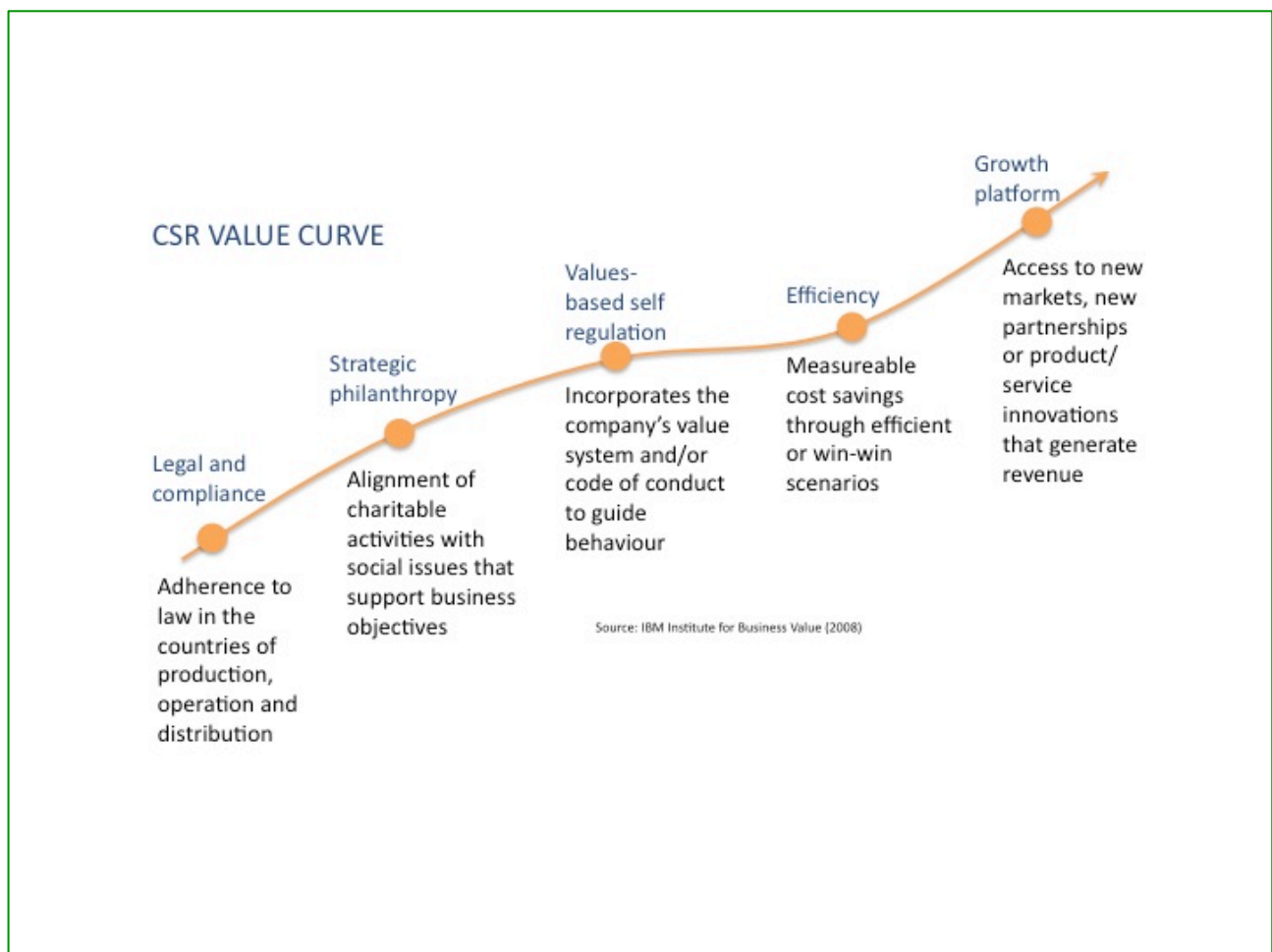


Figure 2: CSR Value Curve

As organisations move from left to right on the value curve, greater returns are realized as CSR becomes more integrated into core business strategy (IBM, 2008).

The CIO has to (a) ensure the IT CSR strategy aligns with that of the overall business and (b) embed the associated activities into the business-as-usual operation.

## 7.2 Transparent Information & Communication – Not Greenwash

As already discussed, the customer, supplier, partner, employee, government, NGOs, and advocacy groups want information about the organisation – its practices and behaviours.

They will seek it from the Internet and other sources above that provided directly by the organisation.

**How do organisations respond to this visibility? The best response is transparency. IBM research (IBM, 2008) shows that there is a marked increase in both information requested by advocacy groups and information provided by business indicating that transparency is in fact tracking to visibility. See**

Figure 3.

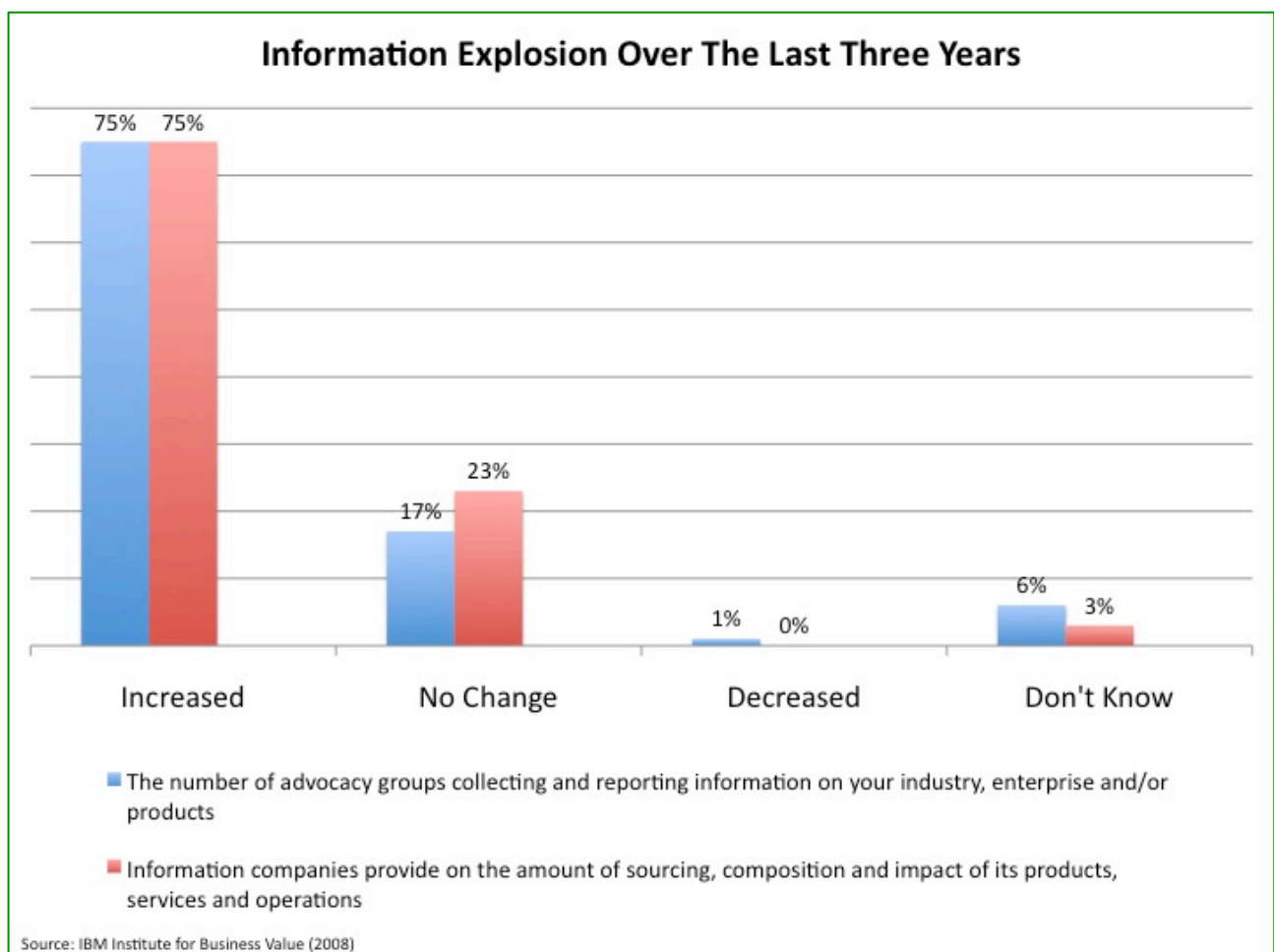


Figure 3: Information Explosion



- 75% said the number of advocacy groups collecting information on their business has increased in the past 3 years.
- 75% have also increased the amount of information they provide about the sourcing as well as social and environmental impact of their products and services and operations in the past 3 years.
- A full 63% believe they have sufficient information about the sources and composition of their products and services to satisfy customer concerns.

Yet, two thirds of those same organisation's leaders admit that they don't understand their customers CSR concerns well. See

- Figure 4.

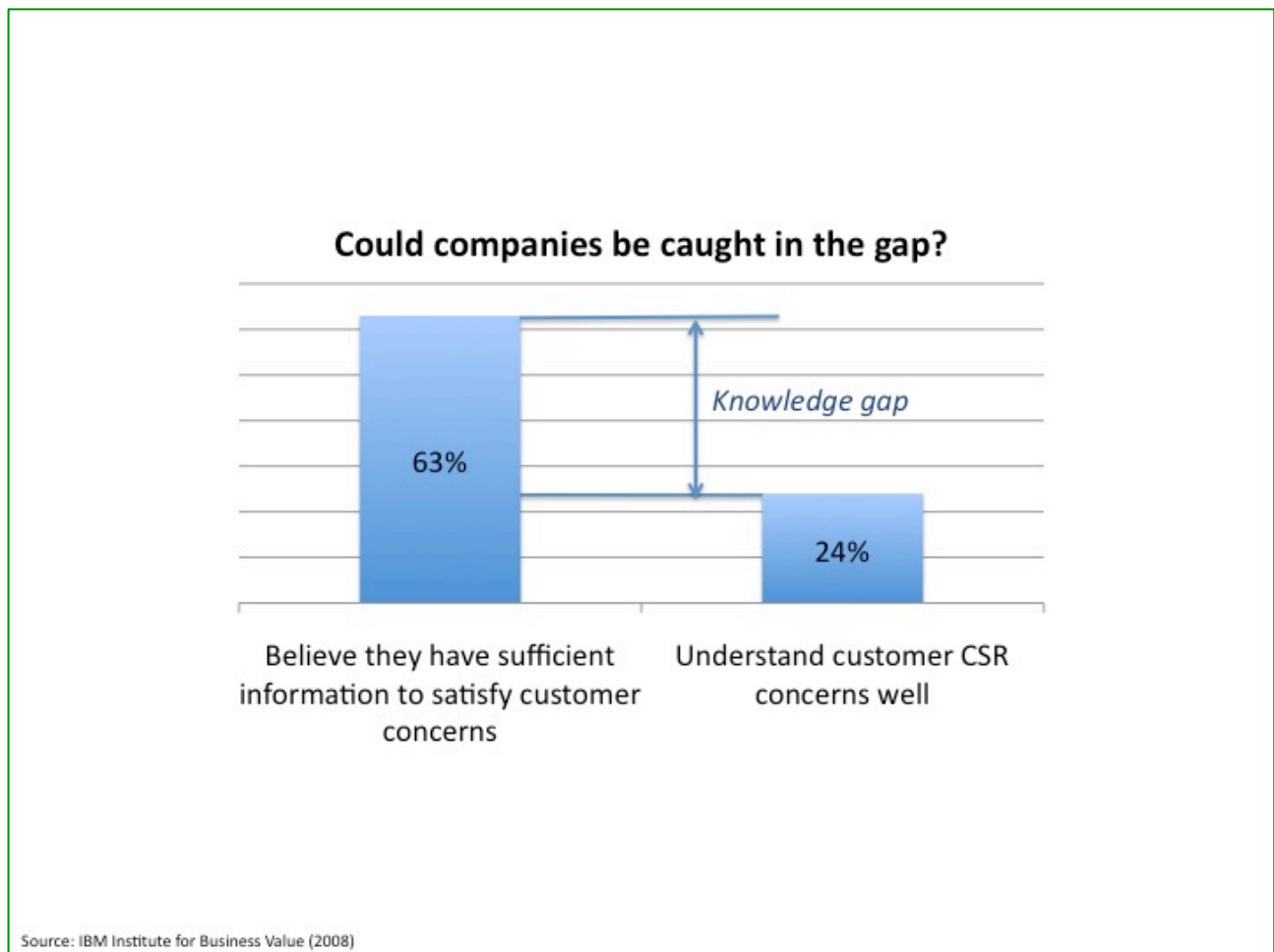


Figure 4: Information Gap

IBM says that this disconnect suggests that most organisations are either simply confident of their ability to meet regulatory requirements or, at best, guessing at what customers expect.

As information is the key to transparency, this trend is going to have a big impact on CIOs and IT. They are the providers of this information and have to ensure its accuracy, reliability and relevance.

Communicating compliance with regulations, according to IBM, will require quantifying, analysing and reporting such details as:

- Carbon and environmental impacts, including water and waste management and recycling efforts
- The conduct of a vast number of suppliers on issues ranging from labour standard to fair trade

- The sourcing and content of each product and component (IBM, 2008)

To accomplish this, CIOs will need a variety of measuring, monitoring and reporting tools. They will have to achieve traceability across the supply chain, for example, by using radio frequency identification (RFID) and predictive models for supplier compliance. Companies with hundreds or even thousands of suppliers will need technologies to manage risk around their supply chains and to make sure that suppliers adhere to agreed-on ethical and environmental standards.

CIOs will need to adopt governance and transparency strategies designed to ensure that they get the right information to the right people at the right time. (IBM, 2008)

The CIO is in effect – the Carbon Information Officer.



In February 2008, the Australian Competition and Consumer Commission (ACCC) issued a guide to educate organisations on their obligations regarding environmental claims under the Trade Practices Act 1974. The “Green Marketing and the Trade Practices Act” was produced to stop bad behaviour before it got out of hand according to Graeme Samuel – Chairman ACCC. (Murphy, 2008). It was a reaction to organisations overselling, under delivering and potentially misleading conduct that was given the term “Greenwash”. Greenwash encompassed misleading claims about the green, eco, sustainable, carbon neutral and /or planet-friendly status of a product, service or the organisation as a whole.

The advocacy group Total Environment Care (TEC) assembled a case against EnergyAustralia over its CleanAir and GreenFuture (2007) advertisements and promotional material. A guarantee that for every kilowatt of electricity purchased by the consumer, the same amount of electricity would be generated from 100% renewable sources was found to be hollow. The ACCC determined that the electricity was being sourced from non-accredited renewable sources, which meant there was no guarantee that the money was being invested in any wind, solar or hydro project.

EnergyAustralia removed the products, wrote to affected customers and offered 7000 of them three months’ free green power.

The ACCC also targeted Origin Energy and SAAB over advertisements that were misleading to the consumer.

Greenwash-like behaviour is being actively monitored by the ACCC and they will take legal action against organisations found to be guilty of misrepresentation.



The CIO will be called upon to ensure that the data collected and information being provided in regards to the organisations performance against its CSR is accurate beyond question and that every claim can be substantiated and qualified.

According to the Green Marketing and Trade Practices Act guidance from the ACCC (ACCC, 2008):

The ACCC, consumers and competitors can all take legal action if an environmental claim potentially breaches the Act. The business or person making the environmental claim in contravention of the Act can be sued for damages. The ACCC's enforcement powers and remedies are extensive and include monetary penalties of up to \$1.1 million for companies and up to \$220 000 for individuals, as well as injunctions, adverse publicity orders, corrective advertising orders, community service orders and ancillary orders of various kinds. These orders are wide ranging, and will generally vary depending on the circumstances and conduct in question.

The CIO does not want to be responsible for the impact of legal action on the organisation not only from a financial perspective but more importantly an adverse impact on reputation and brand across all stakeholder groups.

### 7.3 Employees

It is not just about the organisation looking after its employees because consumers care about how well they are being treated. It is also a matter of collaboration, involvement and engagement.

We have already seen that an organisation's CSR has a direct impact on employee recruitment, retention, engagement and productivity.

A 2007 BT study (Vorster, 2007) revealed that 44% of young professionals said that they would discount an employer with a bad reputation, while nearly half said corporate social responsibility policies should be compulsory.

One-third believes environmental considerations should be the most important topic on the company agenda, ahead of market innovation, flexible working, staff welfare and community investment.

A quarter of respondents believe business has the most influence on the future of the planet, second only to governments.

Alison Garner, corporate social responsibility communications manager at BT, said: "Young professionals are increasingly looking at corporate social responsibility when considering which companies and brands they might work for".

"Not only is it important to have a solid corporate social responsibility policy, but it is also increasingly important for companies to communicate what they are doing, as it is an area which can undoubtedly provide competitive advantage."

The key here is engagement and collaboration. Although the CEO and executive level leadership have to set the general direction for the organisations CSR activities, it is the employees that play a pivotal role in helping to define and refine these activities.

Employees are eager to be a part of the solution, to implement practices that reduce any negative environmental or social impact of their organisation, and to come up with new products or services that their company may introduce.

CIOs will be instrumental in creating an environment for company wide engagement and collaboration. (IBM, 2008)

There are plenty of studies that show that the Gen Y – more socially and environmentally aware generation – are demanding more.

According to Jordan Walker (Walker, 2008) "Millennials expect to be convinced that employers genuinely care about a greater good beyond financial profit, and they want to both be engaged and included in the process of making a positive impact".

They want not only to join a organisation with a good CSR reputation but they also want to be part of the movement to create a better world – and to do that from inside the business. This means getting involved in identifying CSR growth platforms, getting creative in applying innovative solutions and getting closer to customers.

Through the CSR strategy, organisations have a unique opportunity to engage employees like never before. However, as an IBM survey results show, only 31% of business engage their employees on the company's CSR objectives and initiatives. This is a significant opportunity lost. See Figure 5.

It is up to the CIO to seize the opportunity and drive engagement.

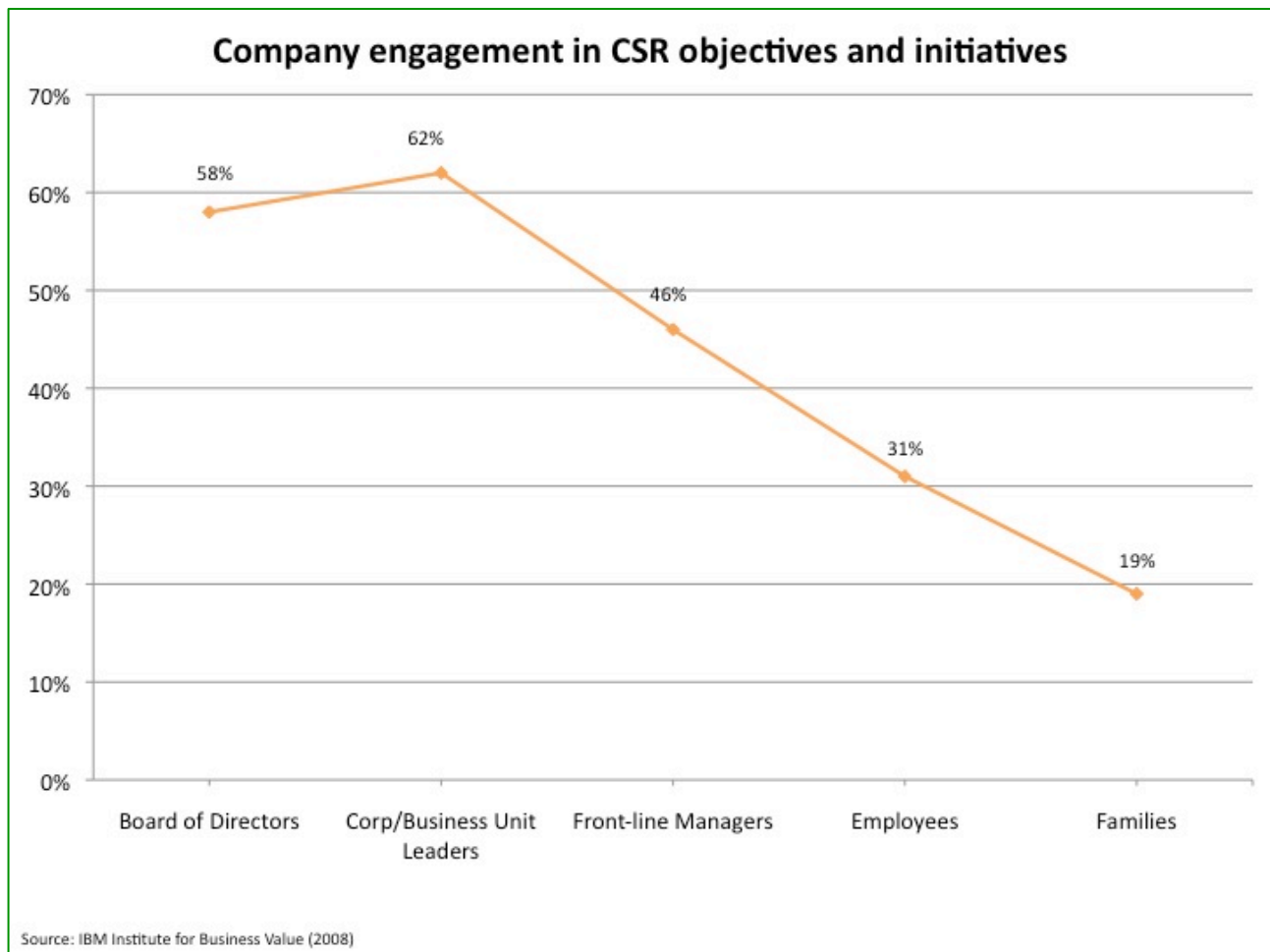


Figure 5: Company Engagement in CSR Objectives and Initiatives

The CIO needs to actively encourage innovation and offer incentives and rewards to employees who contribute ideas and actions in support of the organisation's CSR.

CSR activities need to be embedded in to the performance management and reward systems, scorecards, KPIs and individual development plans.

A US survey across 756 small, medium and large organisations in 2009 revealed that 45% of organisations compensated employees for ideas benefitting the bottom line and the environment or community, compared to 37% in 2007. (Boston College Centre for Corporate Citizenship, 2009).

## 7.4 Green IT

It goes without saying that the CIO is being looked at to reduce the carbon footprint of the organisation. IT contributes more than 2% of global CO<sub>2</sub> emissions.

The typical desktop PC wastes about half of the power it draws from a power outlet. On average servers waste 30-40 percent of the power they require. The majority of this unused energy is wasted as heat and never reaches the processor, memory, disks, or other components. As a result, offices and data centers have increased demands on cooling, which in turn increases energy requirements and associated costs.

Comatose equipment can account for as much as 15-30% of the total IT equipment in many data centres. (Brill & Stanley, 2009).

Over half of Sun's 2007 \$55 (US) million utility bill was from labs and datacenters running hardware comprised of old

energy hogs. As a result, Sun started the Bring Out Your Dead program. BOYD asks managers to round up the outdated and orphaned hardware draining energy and unplug them.

So far more than 6,000 devices four years or more old and powered up full time have been unplugged. Consider that a single server running 24/7 creates about the same amount of CO<sub>2</sub> as a car driven for a year, and may cost as much as \$7,000 (US) in energy. (SUN, 2009)

Server utilisation can be as low as 2-4%. (Kadam, 2010).

The CIO will be called upon to provide accurate measurement and comprehensive reporting on the contribution by IT to the carbon footprint of the organisation. Measurement and management systems will be a priority.

The CIO will be expected to be able to demonstrate compliance to legislation and active management of initiatives to reduce energy consumption, whilst at the same time saving costs.

Focus areas will include power management systems; improved design of products, services and processes; re-use and recycling of components; management of waste; data management; demand and capacity management; facilities management encompassing not only the data centre but all computer facilities including disaster recovery sites; end-to-end monitoring; data protection and recovery; and security and compliance.

Add to this a need to reduce travel through improved collaboration tools and remote working solutions, management of stakeholder expectations and perceptions, active and timely communication and reporting, management of the end-to-end supply chain for both products and services, management of all suppliers and manufacturers ensuring support and alignment of the organisations CSR policy...and the pressure on most definitely ON.

## 8 What's IT Service Management Got To Do With It?

IT Service Management has absolutely everything to do with CSR. ITIL best practice guidance can help the CIO meet the objectives of the CSR of the organisation without the need for additional frameworks or methodologies. Let's look at each of the CIO agenda items in turn: integration, transparency, employees and Green IT.

### 8.1 Alignment and Integration

The CIO and IT has to align with the business and ITSM (and ITIL) provides the framework to establish IT as a service provider that has a strong partnership with the business.

Service Strategy describes how the service provider needs to understand the customer's business and the desired outcomes.

Gaining insight into the customer's business and having good knowledge of customer outcomes is essential to developing a strong business relationship with customers. Business Relationship Managers (BRMs) are responsible for this. They are customer focused and manage opportunities through a Customer Portfolio. (OGC, 2007)

It is only through establishment of this alignment and partnership that IT and the business can work together to achieve the objectives of its CSR.

96% of CEOs believe that sustainability issues should be fully integrated into the strategy and operations of a company (up from 72% in 2007). UN Global Compact- Accenture CEO Study 2010 (Accenture, 2010)

The BRM will work closely with the Product Managers who take responsibility for developing and managing services across the lifecycle.

It is only through this alignment can IT and the business become integrated and ensure that on an ongoing basis all services entering the Service Portfolio are supporting the CSR of the organisation.

Business Service Management ensures that IT priorities are aligned with other drivers of business value. In order for IT to organize its activities around business objectives, the organisation must link to business processes and services – not just observe them. The CIO and "IT leadership must engage in a meaningful dialogue with line-of-business owners and communicate in terms of desired outcomes". (OGC, 2007).

Each step of Service Portfolio Management – define, analyse, approve and charter - must ensure that CSR is forefront of mind. These steps are shown in Figure 6.

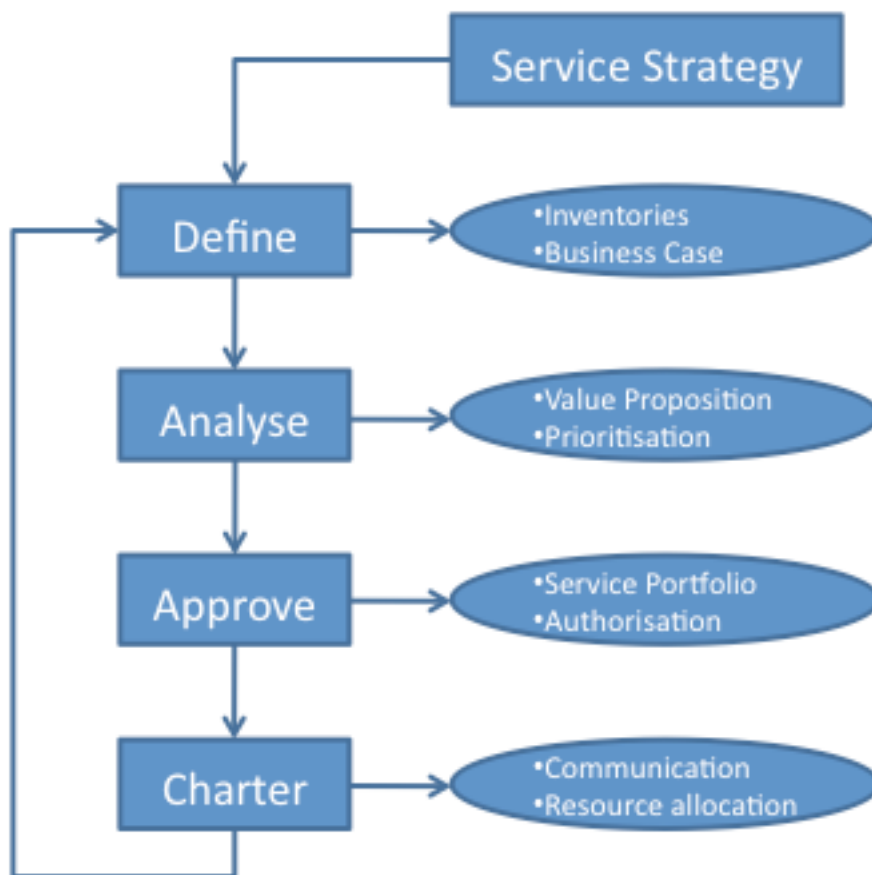


Figure 6: Service Portfolio Process

The business case must justify a course of action that achieves organisation goals including adherence to CSR. It not only looks at service worth from a financial perspective but also:

- Mission imperatives
- Compliance
- Trends
- Intangible benefits
- Strategic or business fit
- Social responsibilities
- Innovation

Each and every one of these factors concerns the CSR of the organisation. Each proposed service will be analysed before being approved and chartered. The associated termination of service will also be considered. Few providers have clear plans for retiring increasingly redundant services. Not only is this not cost-effective but it is also not sustainable from an ecological perspective.

The approval stage will determine the outcomes for existing services that include retain, replace, rationalize, refactor, renew and retire.

Communication of new planned services and their support of the CSR will take place across the organisation clearly and unambiguously – no greenwash!

## 8.2 Transparency

“Consumers are asking who is behind the brand, so we have to make it visible” Paul Bulcke, Nestle S.A. 2010(Accenture, 2010)



The CIO has to ensure that there is transparency of performance against CSR objectives and targets and this is across the entire supply chain.

The CIO has to ensure the integrity of data provided and provide the appropriate access to that information. Reporting has to include accurate reporting on supplier performance in support of the organisation's CSR.

This includes reporting on the sourcing of products and services as well as the disposal. There has to be reporting on the lifecycle energy footprint of products and services. Much of this information will come from Service Design, Service Transition, Service Operations and associated processes.

Each stage of the ITIL lifecycle and each of the processes within it provides the framework for monitoring, measuring, assessing and reporting.

ITIL provides the framework for Service Level Management and guidance on the negotiation of Service Level Agreements, which should include a joint CSR policy with customers as well as suppliers in underpinning contracts. Performance against this joint CSR policy can then be reported upon.

Subjecting reporting to Continual Service Improvement ensures the integrity, accuracy, validity and appropriateness of the data being presented.

Service Design and the processes within it will include the design of services that provide appropriate access to information in a way in which customers and other stakeholders require it. Service Design will ensure that information is accessible to everyone who should have access to it including customers, employees, stakeholders, shareholders, advocacy groups, NGOs, partners and suppliers – all in support of the organisation's CSR policy.

### 8.2.1 Employees

IT needs to be able to attract and retain talented staff through demonstration of the incorporation of the organisation's CSR policy into the IT strategy. This means the existence of an IT organisation that supports all aspects of CSR including sustainability, employee engagement, community and suppliers.

"Environmental, social and governance issues are crucial to our employee value proposition" Luiz Ernesto, Gemignani, Promon S.A. 2010 (Accenture, 2010)

The CIO needs to ensure that the services in the Service Pipeline and the Service Catalogue are congruent with the CSR policy of the organisation. Employees want to build, maintain, support and operate services that are in line with the CSR policy of the organisation as well as aligned with their own values and beliefs. The Service Portfolio Management and Service Catalogue Management processes will be enablers to this.

The work-life balance of employees can be improved through the reduction in out-of-hours-support requirements and the detraction of staff from planned activities to attend to break-fix situations. This can be achieved through effective Incident, Problem, Change and Knowledge Management as described within ITIL.

Increased job satisfaction can be achieved through provision of knowledge about how the IT services provided are underpinned by technology and which business processes are supported. This is provided through Knowledge Management and Service Asset and Configuration Management. Having a clear understanding of roles and responsibilities as defined within Operational Level Agreements (within Service Level Management) also serves to improve employee engagement.

Employees can be engaged in Continual Service Improvement activities that support the CSR objectives of the organisation.

Good Financial Management should ensure that sufficient funds are available for education and training that will equip employees to undertake their work in the most effective and efficient manner whilst also increasing their capabilities and skills.

### 8.3 Green IT

The CIO will be called upon to reduce the environmental impact of IT.

The CIO will be called upon to provide accurate measurement and comprehensive reporting on the contribution to IT to the carbon footprint of the organisation.

The CIO will be expected to demonstrate compliance to legislation and regulation and demonstrate the initiation and management of activities to reduce energy consumption and costs.

The CIO needs to look no further than the ITIL framework for help.

At every stage of the ITIL service lifecycle from Service Strategy through to Service Operation and Continual Service Improvement, environmental targets can be built into new and existing services.

I don't want to replicate in this paper what has been written (and possibly read) before so I refer the reader to an article called "How Green is Your ITIL?" that explains how sustainability can be embedded into very process across the service lifecycle.

[http://www.macanta.com.au/http://www.macanta.com.au/wp-content/uploads//2010/01/How-Green-Is-Your-ITIL - 2010.pdf](http://www.macanta.com.au/http://www.macanta.com.au/wp-content/uploads//2010/01/How-Green-Is-Your-ITIL_-2010.pdf)

"How Green Is Your ITIL?" (Ferris, 2010)

## 9 The Service Lifecycle and CSR

This chapter will examine each stage of the ITIL Service Lifecycle and highlight the areas in which there is support for CSR.

### 9.1 Service Strategy

The role of **Service Portfolio Management** in ensuring that services are considered for their support of CSR objectives has already been discussed. Each step of Service Portfolio Management – define, analyse, approve and charter – will include considerations that ensure all services provided are aligned with the CSR policy, objectives and targets of the organisation.

**Demand Management** is concerned with understanding the patterns of business activity and the associated user profiles enable IT to respond to demand in a controlled and planned fashion. IT is better able to avoid idle capacity, which is neither economic nor ecological. It can forecast demand and also utilise techniques such as off-peak pricing, volume discounts and differentiated service levels to influence the arrival of demand.

All IT initiatives, including those related to CSR, require financial inputs via **Financial Management** to impart visibility and accountability to the decision making process.

Regulatory and environmental-related planning should get its triggers from the business. However, Financial Management should apply the proper financial inputs to the related services value, whether cost based or value based. (OGC, 2007)

**Risk Management** is concerned with gathering information about exposure to risk so that the organisation can make appropriate decisions and manage risk accordingly. Management of risk involves having processes in place to monitor risks, access to reliable and up-to-date information about risks, the right balance of control in place to deal with those risks and decision making processes supported by a framework of risk analysis and evaluation. Risks related to CSR could include failure to comply with regulations, delays in launching new sustainable services, breaches in information security, performance or behaviour of suppliers misaligned with the CSR. These could result not only in financial damage but also loss of reputation with customers, suppliers and partners.

### 9.2 Service Design

Service Design covers the design of new or changed services, service management tools and systems, technology architecture and management systems, processes and measurement methods and metrics.

Every process within Service Design is critical to the support of the CSR of the organisation. In addition Service Design provides a framework for environmental architectures and standards.

Every organisation should produce an environmental policy for equipment location, with minimum agreed standards for particular concentrations of equipment. Additionally, minimum standards should be agreed for the protection of buildings containing equipment and equipment room shells. (OGC, 2007)

**Service Catalogue Management** provides a comprehensive list of IT services with options and levels of service and associated costs that the business can obtain. A complete list of IT services, with their defined level of service, can be provided to the business who have requested them and the business can determine whether they are all still required. This in turn allows IT to liaise with the business where there are servers discovered with only one or two applications running on them and ask the question of whether they are still required given the cost associated with running them.

**Service Level Management**, whilst negotiating with the customer must deal with both the business and the supporting supply chain to agree service level agreements (SLA), operating level agreements (OLA) and underpinning contracts.

The important factor here is the existence of joint CSR policy. Where services are outsourced to one or more partners, the CSR policy needs to be agreed between all the parties for it to become truly effective in supporting the creation of more sustainable IT services.

If the sustainability of IT services is a strategic consideration – and it should be - negotiation with customers and business users must be guided by the CSR policy in organisations

By using the CSR policy in this way, the aim is to evolve the process of agreeing SLAs from one based on 'business impact' and 'price' to one which also considers the environmental impact of an IT service.

For example, supporting IT services typically operate over the entire working week even though they are often only required by the business Monday-Friday during office hours. While providing service 100% of the time during the week may satisfy the business and be an acceptable cost, it may be unacceptable from a sustainability point of view on the grounds that the service is generally idle during evenings and weekends when the users are away from the office.

A key objective of service level management is to identify idle services and challenge the business to reduce its energy consumption.

Where organisations want to actively discourage energy waste and influence demand, the service level management process can apply financial measures to reduce the demand for idle services – using energy surcharges. Energy surcharges are additional costs applied to idle services, outside normal working hours, and are used to encourage a reduction in energy consumption.

It is recognised that negotiating more environmentally friendly SLAs is more complex for global organisations where services are fully utilised over a 24-hour period. While some services will offer little opportunity to make savings, it remains the responsibility of service level management and continual service improvement to identify opportunities to make IT services more sustainable.

**Capacity Management** is crucial to the green aspect of the CSR and provides an organisation with the ability to plan how it introduces IT capacity in a more sustainable way. Its purpose is to focus on future business requirements, current service delivery capability and future capability – in order to provide the most energy and cost efficient IT services for the business.

The Capacity Manager is responsible for tuning activities, deriving forecasts, influencing demand and producing the capacity management plan, which includes environmental considerations supporting the organisations CSR. Key activities of the process include trend analysis, planning and modeling. All of these activities are ideal for integrating the environmental requirements of the CSR policy and influencing the capacity requirements of the business by encouraging reduced consumption, reuse and recycling of capacity.

Both proactive and reactive Capacity Management activities can address environmental issues.

**Proactive Capacity Management:** Makes use of the capacity management process to plan the introduction of sustainable IT services. To integrate CSR policy and capacity management activities, IT functions must possess strong forecasting capabilities and understand the future capacity needs of the business and the impact of emerging technologies. The ability to effectively forecast capacity will result in better planning and the timely implementation of more energy efficient technology.

**Reactive Capacity Management:** A more reactive approach to capacity management focuses on influencing demand today and requires the assistance of the service level management to negotiate with the end customer.

A strong relationship exists between Capacity Management, Demand Management and Service Level Management. This interface allows the Capacity Management process to influence demand via the Service Level Management process. By making use of this interface, it is possible to include environmental service capacity requirements in the Service Level Management process, especially as part of the negotiations for new and existing service level agreements. It can limit idle usage.

On average, data centre servers operate at 15% capacity. You wouldn't run a restaurant and only use 15% of your tables or run a hotel and only occupy 15% of the rooms. It doesn't make economic sense besides ecological sense! It is not sustainable. It is poor Capacity Management.

IT equipment alone does not account for all the power a data centre uses. On average the IT equipment only accounts for 30% of the power consumed. The other 70% goes to cooling, power infrastructure, lighting etc. So when power is being planned for, the overall needs of the system in which the IT equipment resides must be taken into account as well.

There is another important reason to manage Capacity as well. In general, as the levels of utilisation of electrical systems go down, so do their efficiencies. Thus, a UPS running at 50% utilisation will be less efficient than a UPS running at 90% of stated capacity. This is also true for power supplies, cooling and other systems. The old approach of "over sizing" various systems to "play it safe" can result in higher energy costs and need to be replaced with a more deliberate management approach.

Organisations need to review and formalise their Capacity Management process. At a policy level there needs to be guidelines and standards in place in regards to the organisation direction for green IT, and expectations around energy consumption and then the process is designed and implemented accordingly.

From an **Availability Management** perspective, resources need to be available when they are needed. This doesn't mean however that the resources required for peak periods need to be there all the time.

Availability Management can look at functionality such as Capacity Upgrade on Demand (CUoD), on/off capacity on demand and backup capacity. These tools bring processors and memory online only as needed to ensure that the organisation isn't paying for capacity they don't need – and that they are not using power they don't need to keep that capacity running.

**IT Service Continuity Management (ITSCM)** needs to ensure that the recovery options chosen for the business services supported are appropriate to the business need. Once again a good working relationship and partnership with the business allows alignment of objectives and outcomes. ITSCM can work with the business to determine the critical business services that do require immediate recovery and therefore justify idle capacity being available (either internally or externally) – just in case. Where the business service is less critical a more economic and ecological solution can be provided that supports the organisations CSR.

**Information Security Management** has a responsibility from a CSR perspective to ensure the confidentiality, integrity and security of information. Information Security Management will need to understand legislative requirements as well as the organisations obligations under its CSR policy.

**Supplier Management** will ensure that any outsourcing arrangement has consideration for alignment with the mission, values and objectives of the organisation including its CSR. It needs to ensure that the risks associated with not meeting CSR objectives are not increased when engaging in sourcing services.

Once engaged suppliers will need to be managed to ensure that they not only adhere to contractual obligations but that they are continually aligned to business needs and the objectives of the organisation's CSR.

Organisations will mandate requirements of suppliers to support the CSR policy through appropriate contract negotiation and renegotiation.

A key outcome of the organisations CSR will be changing procurement criteria and processes to favor green products and greener suppliers to support the sustainability aspect of the CSR policy.

88% of CEOs believe that they should be integrating sustainability through their supply chain. Only 54% believe that this has been achieved within their company. An almost identical performance gap is seen for subsidiaries. UN Global Compact- Accenture CEO Study 2010 (Accenture, 2010)

### 9.3 Service Transition

**Service Asset and Configuration Management (SACM)** will be paramount in the support of the organisations CSR from a sustainability perspective.

SACM is key to getting an understanding of the assets used by a service so they can be managed. A full understanding of any redundant assets can be identified and removed not only getting financial savings from licence fees etc., but also liberating spare capacity.

A first step towards this is to do a complete inventory of servers, software and applications, including the interdependencies between them all via SACM. You need to firstly understand how each physical and virtual server is used, what software is running on it, which business applications it supports and what its actual value is to the business. Then you can work out what to remove, refresh or virtualise unused, unnecessary and inefficient assets. This will help reduce energy requirements and power use, and set you well on the road to improved sustainability. It will also have financial savings from licence fees and liberate spare capacity.

5%-20% of servers in a data centre are orphaned / comatosed. They are burning power but have become disconnected to any service that is being consumed. No one has checked when an application is decommissioned, whether anything else was running on that server and whether the server could be retired too. It is most likely that these servers are the older ones and therefore using both more power and more space. The key again is SACM to understand what applications are running on which servers and knowing when they can be switched off.

SACM can also report upon equipment in use that is known to be inefficient and plan to replace it with more energy efficient equipment that will both reduce cost and carbon emissions.



SACM can also track the energy ratings of devices, as the information can be stored as attributes of the device. Indicators such as energy labels used by 'White Goods' manufacturers used to label energy efficient IT equipment can be used. The CSR policy should state an organisation's intended choice of IT infrastructure using energy label rating. This then sets a measurable environmental target. It then becomes the role of SACM to report on the compliance of the IT infrastructure with the CSR policy on energy efficiency.

SACM can track energy consumption details for when a server is idle and when it is running at 100% utilisation.

All of these aspects of SACM can be used to drive improvements in sustainability in support of the organisations CSR.

**Change Management** normally assesses Requests for Change (RFC) for their financial and business impact. Change Management can incorporate assessment of RFCs for their adherence to the organisations CSR objectives. This will not only include checks that the infrastructure being deployed adheres to the CSR policy on energy efficiency but the associated considerations such as power (e.g. UPS) and cooling have been taken into account.

In conjunction with SACM, Change Management needs to consider the lifetime energy footprint of any equipment being deployed. The energy footprint is not just in the service life of the server. Energy is consumed in:

- Manufacturing (Embodied Energy)
- Transportation (Embodied Energy)
- Operation over the lifecycle (Operational Energy)
- Energy used to disassemble, recycle and remanufacture components

The RFC should demonstrate the CSR policies and activities of any involved suppliers of the new or changed service are in alignment with those of the organisation.

Change Management should ensure that the design of the new or changed service not only provides the functionality that the business requires but that the design has been undertaken in line with the CSR objectives.

## 9.4 Service Operation and Operational Activities

Service Operation has many aspects in support of the organisation's CSR. Investment in Problem and Knowledge Management not only reduces the requirement for support staff to attend on site to fix (a) recurring Incidents due to lack of Problem Management and (b) Incidents that could have been resolved at first point of contact, had the knowledge been available. It also supports consideration of employee health and well-being in that undue requirements for overtime and out-of-hours support are reduced.

It is in the operational environment that the day-to-day activities undertaken should be considered for support of the organisation's CSR. There is plenty of evidence to support the economic and ecological savings of "turning it off" when not in use; double sided printing; consumable and paper recycling; travel reduction and so on.

It is in this area that the CIO can make some significant cost and carbon savings - for example, a reduction in travel and promotion of flexible working opportunities.

Travel policies should aim to restrict unnecessary travel. The report "Virtual Meetings and Climate Innovation in the 21<sup>st</sup> Century" (WWF, 2009) highlighted the significant impact that employee travel makes on an organisation's total carbon footprint – accounting for 50% or more among non-manufacturing organisations.

A 2007 analysis of the role of IT in Australia's sustainable development concluded that videoconferencing could avoid 2.4 million tonnes of CO2 emissions, equivalent to 0.43% of the country's total. (Telstra, 2007).

We have discussed the benefits of integration and embodiment of the CSR of the organisation across its entire operation – top-down and bottom-up. Incentives should be built into day-to-day operations for staff to support the CSR policy such as a 'Frequent video users' incentive scheme to replace the loss of frequent flyer points from reduced travel.

BT has saved around €750M a year (approx. \$1 billion AUD) in property management costs and a further €40M annually (approx. \$56 million AUD) by allowing employees to work from home and using conferencing and secure remote access. (BT, 2009)

Take note though that a prime concern for the CIO when going flexible is security. 900 laptops go missing each week at Heathrow Airport (UK) and on average every security breach incurred by a company cost them £1.5 million (approx. \$2.5 million AUD). (BT, 2009). All that before the cost of reputational damage is factored in.

The CIO needs to encourage employee engagement in CSR and provide incentives for ideas that support achievement of the CSR objectives.

3M's Pollution Prevention Pays (3P) rewards employees who have breakthrough ideas for eliminating pollution at its source. Since its inception, nearly 7,400 3P projects worldwide have prevented the creation of more than 2.9 billion pounds of pollutants and generated savings of nearly \$1.2 billion US (approx. \$1.3 million AUD) (3M, 2009).

This of course, is an integral part of Continual Service Improvement (CSI).

However, investment has to be made in training and equipping staff with the required skills and capabilities to execute CSR activities.

The CIO needs to be clear about what's expected. CSR criteria can be built into existing performance management systems, balanced scorecards, and the like that teams are already using to measure, incent, and reward performance. The employee competency or maturity model can be revised to include CSR competencies and skills, so people can see how they rate and what they need to do to move to the next level.

## 9.5 Continual Service Improvement

Continual Service Improvement (CSI) is one of the most important aspects of ITSM and also one of the greatest reasons to use ITSM to support CSR.

The CIO can utilise CSI to drive continual improvement in processes, products and services to support achievement of CSR objectives.

The pressure on the CIO to provide accurate and reliable information in regards to adherence to CSR has already been mentioned. The CIO also needs this information, and to be able to trust the integrity of the information, in order to determine which improvement initiatives to pursue. It is only by having a trustworthy baseline that the success of improvement initiatives can be measured and monitored. The CIO will be called upon to ensure that there is visibility and transparency of information and therefore needs to ensure that it is a true reflection of reality.

The CSI 7-Step Improvement Process following alignment with the business – identifying vision, strategy, tactical and operational goals – starts by determining what should be measured. This is realized by talking to the business, the customers and IT. Determine what can be measured and gathering the data are the next steps followed by processing of the data. This is where the data is converted to the required format and the accuracy of the data is determined. Analysis of inaccurate data will result in both the wrong information being presented but also the wrong activities undertaken. It is imperative that the data is accurate as it will be the CIO that is held accountable for the resulting information. The analysis of data includes looking for trends – positive and negative – determine whether progress is being made to plan, whether targets are being met and if corrective action is needed.

The sixth step is to turn the accumulated knowledge into wisdom and present it to the target audience(s). Once agreed, the corrective action can be implemented and the cycle of continual service improvement turns again.

This framework gives the CIO a structure for CSI in support of CSR.



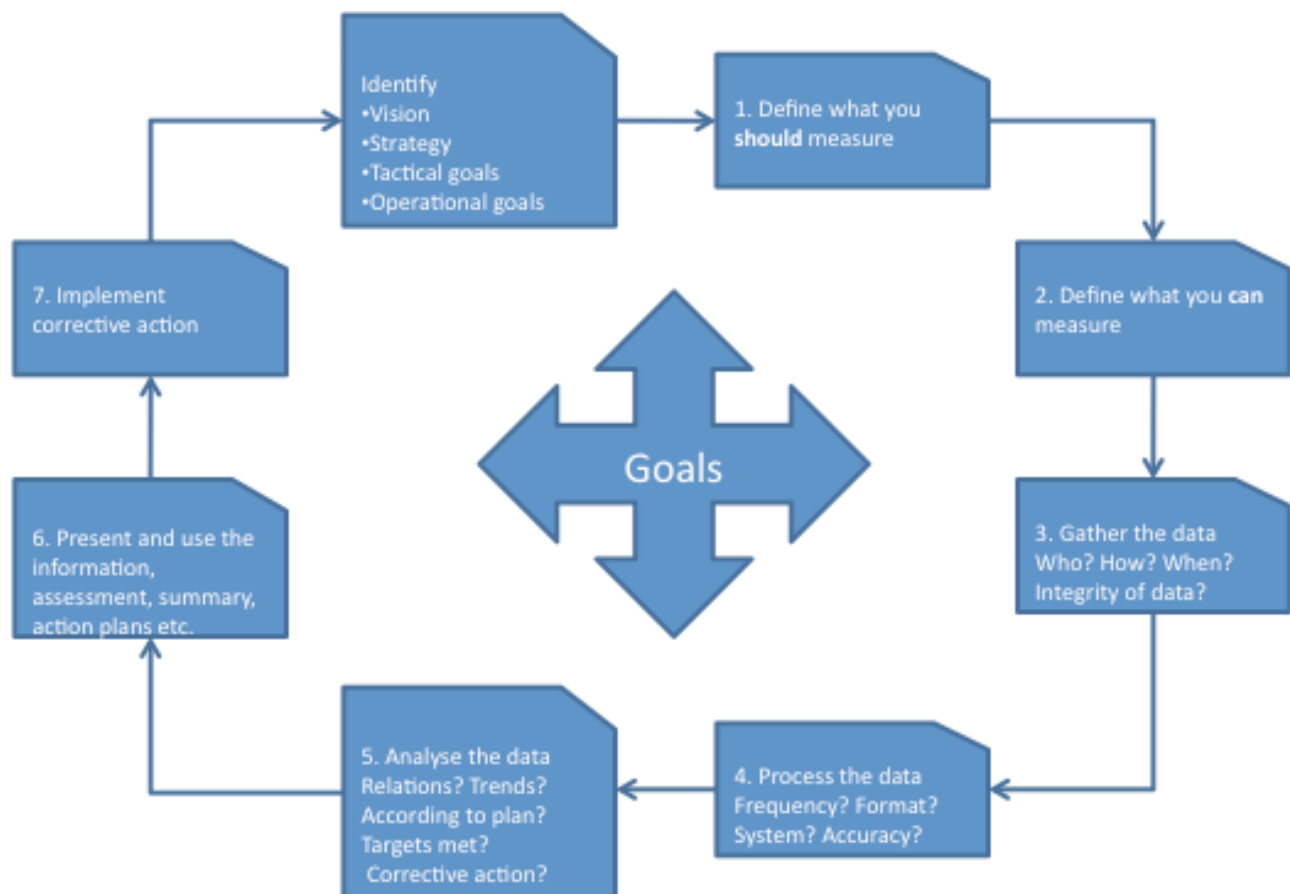


Figure 7: 7-Step Improvement Process

## 10 Conclusion

The pressure is on the CIO.

The CEO is looking to the CIO and IT to deliver in accordance with the organisation's CSR objectives and provide visibility and transparency of information.

The CIO needs to:

- align IT CSR with that of the business
- embed CSR into the fabric of IT and integrate it into every aspect of the service lifecycle
- have increased information about the sourcing, composition and impact of products, services and operations
- manage the end-to-end supply chain process
- drive improved sustainability of IT from an ecological perspective whilst demonstrating cost reduction at the same time
- ensure that treatment of employees – flexible working and work-life balance, health and safety, training, reward and incentives are on the their agenda
- collaborate with the business and engage the full base of employees in the CSR objectives
- put in place a structure for CSI in support of CSR

ITSM and ITIL guidance provides the framework for much that the CIO and IT needs to do in support of CSR.

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