Taking Corporate Social Responsibility to the Floor:

A Case Study from Stanley Black & Decker

This article walks through a case study of how Stanley Black & Decker derives its Corporate Social Responsibility strategy from its purpose—that is, the reason the company is in business—then uses that strategy to help drive corporate social responsibility metrics toward success.
As innovation moves the world faster, communications have increasing transparency, and every industry faces significant disruption, investors and consumers are focused on understanding an organization’s “Why”. Purpose has become a rallying cry for corporate leaders, innovators, and speakers globally. A company’s purpose—beyond mission or vision cast down from the ivory tower—distills with bold clarity the reason a company is in business. At its best, it both garners images of a storied past and creates inspiration for an impactful future.

Starting with purpose, this article walks through a case study of how Stanley Black & Decker (SBD) derived its Corporate Social Responsibility (CSR) strategy from its purpose, then takes that to identify measures and tactics within operations that drive CSR performance metrics toward success. The article focuses on how to work toward distilling a purpose, connect that to a corporate sustainability strategy, and set targets against which progress can be driven, achieved, and reported.

Establishing a Purpose
Establishing a purpose as the foundation for company actions and communications is a critical first step toward creating the kind of inspired bold actions required to transform CSR performance. A purpose journey starts with introspection—including interviews at all levels of the organization—to distill the culture and mission down to bold actions. It’s equally critical to look beyond the corporate structure—to partners, suppliers, customers, end users, and the communities in which your company operates to get a clear understanding of their perception of how your business contributes beyond its four walls and balance sheet. I note with interest that nongovernmental organizations (NGOs) have been using purpose as a rallying cry for years, whether through graphics such as the World Wildlife Foundation’s panda to the globe-shaped icon covered in leaves that represents The Nature Conservancy. For-profit institutions can benefit substantially from an easily-recognizable statement or icon that embodies why they exist. Here at SBD, we are For Those Who Make the World. At 175 years young in 2018, the merger of Stanley Works and Black and Decker in 2010 combined forces of a host of iconic brands that are widely used to make, build, and create by professionals and do-it-yourselfers alike. For employees, this purpose clearly defines the end user of our products. For investors, it clearly identifies where we have been and are going in our sector. It’s a rallying cry and a defining statement. And the establishment of purpose in 2016/2017 inspired conversations about how to bring that purpose to life.

Instituting a Comprehensive CSR Strategy
There is increasing pressure from the investment community for companies to be transparent in their CSR strategy, including targets, progress, and tactics that are being used to make progress toward those targets. Environmental professionals widely cite the May–July timeframe as “reporting season,” coming on top of regulatory reporting season, and the workload doesn’t abate. In fact, more senior leaders are engaging directly with the functions that manage CSR on the need to increase scores from entities such as the Dow Jones Sustainability Index (DJSI) and the Carbon Disclosure Project (CDP). Value chains are impacted extensively as customers and partners require completion of these and other questionnaires by suppliers. In all this noise, it’s critical that a layered process be established to both drive ownership of and progress against sustainability goals.

Activating purpose through a comprehensive CSR strategy has several benefits: it assures alignment to broader brand messaging; allows employees, customers, and suppliers to quickly understand why certain priorities or targets have been established; and allows leadership to drive performance that aligns with purpose. This alignment creates authenticity of message, and compels action.

SBD’s CSR strategy:
1. Empower Makers
2. Innovate Products with Purpose
3. Create a More Sustainable World

Aligned with SBD’s Purpose For Those Who Make The World, SBD’s CSR strategy has three key elements:

Empower Makers, Innovate Products with Purpose, and Create a More Sustainable World. Dissecting SBD’s Purpose—about people, products, and planet—leads directly to the CSR strategy. Compelling action, however, takes far more than phrases on PowerPoint charts, or asking people to politely play along, particularly in this age of increased transparency and reporting. A solid strategy needs measurable targets with a way to allocate them to operating units.

For years, SBD has measured each of its operations—manufacturing facilities, distribution centers, service centers, and offices—against intensity targets to reduce waste, energy, carbon, and water use. Currently, SBD is measuring performance against a 20-percent intensity reduction goal by 2020 (using a 2015 baseline). Annually, the company reports progress against these targets publicly on its website, through investor communications, and by responding to DJSI and CDP working with cross-functional teams from across the enterprise.

These multi-year targets are broken down to straight-line reductions per operating unit so that progress can be measured both annually and monthly against the targets. Monthly, each operation—including offices and smaller service centers, as well as manufacturing facilities and distribution centers—reports its waste generation, water use, and energy use into a system that then measures current progress against established intensity targets at the operational level. Progress of each plant is reviewed by operational leadership monthly during all-ensconcing operational staff meetings that include not just environment, health, and safety, but financial, fulfillment, and other performance objectives. The integration of these environmental metrics into the rhythm of business operations ensures leadership can understand and drive action at the discrete operations level. Annually, awards are given to those operations that hit certain established goals, including these environmental targets. Focused corporate support is provided for those operations that...
lag against targets. These data go through a quarterly internal and annual external assurance process to support public reporting and target-setting.

With the release of SBD’s 2030 CSR strategy, the goals themselves are bolder, but the tactics to measure progress remain similar, at least at this early stage. Each of SBD’s CSR pillars has a bold overarching numeric goal, including sending zero waste to landfill, being carbon positive, and not impacting impaired or scarce watersheds, by 2030. These 2030 publicly stated commitments compel operations to think beyond the intensity targets against which the company has historically tracked and reported progress, to identify and implement mechanisms to truly transform the net environmental impact of business operations.

**Driving Performance Goals Toward Success**

One of the key mechanisms that SBD uses to drive progress to goals is the engagement of business leadership from the operations and finance organizations to funnel allowance for investment into projects that drive environmental performance, but are beyond the company’s standard productivity investment thresholds and return on investment criteria. Since 2017, a quarterly investment process has funded projects that have driven waste, water, energy, and carbon efficiency. That process will shift to targeting projects that focus on renewables, waste re-use and circularity, and water reduction in regions determined to face water scarcity and quality issues.

In addition to a measurement system that allows for visibility to progress at every level of the organization, the CSR strategy is also guided through a governance process that connects the strategy to business decision making. Pillar leaders are identified in each business that have roles in the leadership of the organization that can help guide decision-making in a manner that is mindful of the overall CSR strategy. Finding operational leaders that have a passion for the subject in question—whether environmental footprint reduction, upskilling and retraining to align with Industry 4.0, or innovating products that have a purpose and drive a circular economy—is critical. These leaders, who sit beyond the EHS or CSR function, become compelling voices for change and have a view of the organization that can reflect the CSR strategy and its targets forums both inside and outside the company.

While bold, SBD’s CSR goals reflect its purpose, so that action, communication, storytelling, and projects are well-aligned with priorities, messaging, and culture within the company. The long-standing tracking systems will morph to focus from the 2020 goals, to the 2030 targets, using the same accountability and visibility systems that have resulted in SBD’s strong performance in sustainability. Distilling a purpose into commitment around sustainability actions—actions that use embedded accountability processes—assures SBD will have a strong CSR message and resultant performance for years to come.

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