

# Johnson Institute

## for Responsible Leadership

By Kevin Kearns, Emily Francis, Joel Garceau, Anna McDevitt, Mamadou Ndiaye, Jr., and Lydia McShane

### *Sandra Taylor and the Shaping of Corporate Social Responsibility*

#### Prelude

The widely used term Corporate Social Responsibility (CSR) refers to an enlightened philosophy about a corporation's responsibilities to the public. In its most elaborate form, CSR can impact all facets of an organization including:

- Human resource management policies that are premised on recruiting and retaining a diverse workforce, providing fair and just employee compensation and benefits programs, supporting and even catalyzing programs that allow employees to volunteer in their communities, focusing on safe working conditions.
- Supply chain management strategies that ensure that upstream and downstream partners utilize socially responsible management methods.
- Investment management policies that place restrictions on investing corporate funds in companies or countries that violate standards of social responsibility.
- Manufacturing processes that minimize impact on the environment and the community.
- Marketing and branding products in a way that does not exploit particular populations.
- Philanthropic strategies that maximize the corporation's social priorities.

More than just a philosophical platform, CSR embodies specific strategies, tactics, and tools for putting those noble goals into practice. In general, CSR embraces the notion that corporations need to be proactive, not just reactive, in improving their impact on society. For maximum impact, a vibrant CSR program must be embraced by top leaders in the organization and fully integrated into the firm's mission, operating values, and business strategy. The CSR philosophy invites corporations to create ways to simultaneously meet their own business goals while doing what is right for communities, nations, and the world in which they work.

Companies that take CSR seriously generally designate a senior employee as an internal advocate and strategist. Some organizations retain consultants to help them craft a CSR program. In either case, the CSR professional should be a member of, or have direct access to, the top management team, including the CEO. CSR is becoming recognized as a distinct field of expertise on par with other professional disciplines such as accounting, marketing, and operational management. Courses on CSR and even concentrated programs of study are now available in management schools around the world.



Sandra Taylor, Executive Director of Sustainable Business International, was awarded the 2015 Johnson Institute Exemplary Leadership Award. To watch her remarks during the award ceremony, go to: [https://www.youtube.com/watch?v=GgW\\_18BvgYw](https://www.youtube.com/watch?v=GgW_18BvgYw)

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## The Beginnings of Corporate Social Responsibility

In the early phases of CSR, before it was even known by this name, companies acknowledged a responsibility to the communities they served but their approach was largely reactive to specific issues or even crises and often interwoven with their own business objectives. Beginning in the 1950s, we see corporations becoming more engaged in philanthropic giving, often through a department of community affairs instead of an established foundation. As such, the level of giving was often tied to their profits in a given year. When they made a lot of money their philanthropy increased, but in lean years they disengaged. Moreover, the beneficiaries of corporate philanthropy typically were chosen by the top leadership of the corporation and often helped to exploit a market opportunity, to advance a particular economic objective of the company, or involved giving to the arts. In effect, corporate philanthropy was often driven by self-interests as well as a sense of community obligation. During the 1960s, some corporations began to take an interest in particular issues, such as urban violence, but their approach was still largely reactive and often focused only on markets in which they were located or had particular economic interests. Also, during the early phases of CSR, corporations reacted, either voluntarily or under pressure, to particular incidents involving their products or their operations. The Oklahoma City bombing, described here, is one such case.

CSR is not universally embraced. Critics argue that CSR diverts money and effort away from the corporation's primary obligation, which is to create value for its stockholders. On the other hand, proponents argue that CSR is a smart investment that actually enhances long-term performance outcomes of all types including profitability, market share, branding, consumer loyalty, attraction and retention of talented employees, reduced compliance costs, and other performance metrics.

The Johnson Institute for Responsible Leadership recognized Sandra Taylor with the 2015 Exemplary Leadership Award because of her contributions to CSR and her continuing commitment to public service. Taylor's professional trajectory mirrors the evolution of CSR, and her role in the development of this philosophy has been significant and lasting.

## Early Phases of CSR: Corporate Reactions to Specific Issues or Crises

On the morning of April 19, 1995, government employees in the Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma were beginning their workday – organizing their desks, checking phone messages, or rushing off to meetings with colleagues. At the daycare center, located on the ground floor of the building, teachers were starting their own daily routine – happily greeting parents and their small children, assembling books and other materials for the day, and beginning the learning and play activities for the children.

As people streamed into the building, some of them probably noticed the large yellow Ryder rental truck parked in a drop off zone beneath the daycare center. Never could they have imagined that the truck was methodically packed with thousands of pounds of ammonium nitrate, nitromethane, fertilizer, and diesel fuel with a triggering fuse that could be activated from a distance. The innocuous rental truck was, in fact, a powerful bomb that would change the course of history.

At 9:02 a.m., Timothy McVeigh, who had parked the truck and swiftly walked a safe distance away, ignited the massive blast that ripped through the Murrah Building, killing 168 people, including 19 children, and injuring nearly 700 others. For months afterwards, Americans were transfixed as details of the attack trickled in. What came to be known simply as the “Oklahoma City Bombing” is, to this day, the deadliest case of domestic terrorism in the history of the United States.

In the days following the bombing, Sandra Taylor found herself in front of news cameras and on the telephone with reporters. Taylor was then Vice President of Public Affairs for ICI Americas Incorporated, the U.S. subsidiary of the London based company, Imperial Chemical Industries Plc. Until this moment, Taylor's responsibilities were routine for a person in her position – communications with various external stakeholder groups, community relations, and monitoring government policies that would impact her company. In the wake of the bombing, however, she was pressed into a different and far

more delicate role. It was Sandra Taylor's sad task to explain as clearly as possible the supply chain for the fertilizer used to build the bomb. While ICI Americas was part of that supply chain, it was in no way culpable in the attack. The crucial bomb ingredients used were readily available to anyone; indeed, McVeigh had openly purchased some of the ingredients at Mid-Kansas Co-op, a farm supply store in McPherson, Kansas<sup>1</sup>.

Sandra Taylor was, of course, not the first person in her profession to be placed in this unenviable position. Many disasters can be directly or indirectly traced to corporate products or actions. Some are the result of human error or negligence, such as the wreck of the Exxon Valdez tanker off the coast of Alaska in 1989, which caused the largest environmental disaster at that time. Furthermore, the 1982 Tylenol capsule poisoning that caused the death of seven people in the Chicago area is an instance of product tampering that was no fault of the manufacturer. There have also been international crises that mix corporate mistakes with political and social concerns, such as the 1984 gas leak at a Union Carbide plant in Bhopal, India that directly caused nearly 4,000 deaths and subsequently impacted hundreds of thousands people.

In each of these cases, someone in Sandra Taylor's corporate role was tasked with reacting to the disaster and communicating what actions, if any, the corporation would take in response. Until the early 2000s, companies had a relatively narrow view of their obligations to the public. Sandra Taylor reflects:

*When companies thought of social responsibility it was in the context of doing something after a crisis ... like the Exxon Spill. So social responsibility was basically making restitution for bad things you have done. But if you haven't done anything wrong, you had nothing to worry about. And that was pretty much my mindset too.*

But the Oklahoma City experience had a powerful impact on Sandra. Her ideas about corporate responsibilities began to shift.

*[ICI] was not responsible for the bomb or the way the product was changed to become an explosive, but I don't think we ever talked to communities about how the product was made. Farmers probably didn't know it could be diverted to a bomb. So I think we did have a responsibility to be more open in talking about our product... I felt the company should have taken some steps to reach out the community to make things better and, as a result, our brand image suffered. We ended up getting a lot of negative press... Our reputation in that part of the country suffered greatly. So I started running around the company and telling people if we acted really quickly we could give back to this community and make a difference... we could build a community... But nobody listened to me. Their response was "Let's just let the lawyers handle it."*

Soon after the Oklahoma City Bombing, Sandra helped in the drafting of Responsible Care, a set of standards chemical companies adopted to push the industry to be more accountable. After Sandra Taylor left ICI Americas she embarked on a series of professional assignments at Kodak, Starbucks, and eventually launched her own consulting firm. Over the past 20 years, Sandra Taylor has been on the vanguard of efforts to develop the concepts and methods of Corporate Social Responsibility (CSR).

**Exercise 1:** Research one of following incidents: Toyota Recall of Prius vehicles (2009-2011); Volkswagen Diesel Engine Emissions Scandal (2015); Deepwater Horizon (BP) Oil spill (2010), and the Samsung Galaxy Note 7 exploding phone incidents (2016). Then examine how Johnson and Johnson responded to the tampering with Tylenol capsule in 1982 resulting in a number of deaths in the Chicago area. Compare the damage control strategy with that of Johnson and Johnson, discussing the impacts on the individual company and the industry as a whole.

<sup>1</sup> Since the attack, many individuals and groups have lobbied Congress for legislation that would require more stringent identity checks and other regulations governing the sale of ammonium nitrate fertilizer. Only a few states have implemented even minor restrictions on the purchase of this product. With assistance from the Department of Homeland Security, Honeywell developed a nitrogen-based fertilizer that will not detonate when mixed with fuel. (DOI [https://en.wikipedia.org/wiki/Oklahoma\\_City\\_bombing](https://en.wikipedia.org/wiki/Oklahoma_City_bombing))



## Sandra Taylor

Sandra Taylor reacted warmly and enthusiastically when informed that she won the 2015 Exemplary Leadership Award from the Johnson Institute for Responsible Leadership. She was curious about the award and how the selection committee had discovered her work. Before ending the phone call she asks with a laugh, “Here is my most important question – Can I bring my mom and my sister to the ceremony?”

Thus began months of interactions and collaborations that have reinforced and elaborated upon that initial impression and led to one overarching conclusion: Sandra Taylor embodies leadership attributes that rarely co-exist within one person – self-confidence derived from a lifetime of achievement combined with genuine humility, curiosity, and concern for others.

Sandra is highly accomplished and is connected to leaders in business, government, academia, and the nonprofit sector around the world. Yet her warm smile and easy manner reveal a person who is not particularly impressed by her own status or that of others. She is grounded, balanced, and clearly at ease in any context. While she has a lot to say, she prefers to listen first.



The demeanor Sandra presents in one-on-one interactions is replicated in larger groups. Whether giving prepared remarks to a large audience or participating in a group discussion, Sandra is simultaneously a teacher and group facilitator. She does her “homework” when preparing for a group event, ensuring that she knows about the audience and their needs.

She is at ease giving prepared remarks, when required, but Sandra is clearly most comfortable in settings where others have the opportunity to participate and contribute to the dialogue. She has a natural ability to help people talk to each other even when their views are apparently in conflict.

Jim Donald, former CEO of Starbucks, reflects on some of Sandra’s strengths as a facilitator and catalyst:

*Sandra had more networking associations than anybody I’ve ever seen in my life. And everybody liked Sandra. But why did they like Sandra? They loved her because she listens, she takes back the information that they requested ... and she follows up, she follows through. “Yes, we can do this. No, we can’t do that,” but at least people were aware of it.*

Sandra Taylor was born in 1954 in Birmingham, Alabama. Her father worked at an aircraft company and often talked about international air travel. A childhood trip to the World’s Fair in Montreal stimulated her interest in other countries and catalyzed a career that would take her around the world first as a U.S. foreign service officer, then as an analyst at the United Nations, and later as a representative of international corporations. Sandra’s mother was a social worker whose commitment to helping others had a profound impact on Sandra’s commitment to corporate social responsibility. Sandra fondly remembers her parents instilling in her a commitment to make the most of her significant talents and the confidence to take on a leadership role in any context. “All the kids in the neighborhood knew that I would try to lead everything we did. Even the boys eventually gave up.” Her mother and sister, sitting nearby, laugh and nod in agreement.

Sandra also excelled in the classroom. She has her undergraduate degree in French from Colorado Women’s College and a law degree from Boston University. Following law school, Sandra worked as a Foreign Service Officer in the Department of State and then served as a legislative assistant in the United States Senate, focusing on international trade policy and legislation.

Her international work has given Sandra a unique window through which to see both opportunities and challenges, particularly for marginalized populations. Devoted to women's economic advancement throughout the world, Taylor organized and led an ad hoc coalition of feminist NGO leaders, corporate officers and representatives from academia and the media, now known as the La Pietra Coalition. She successfully campaigned the G20 Heads of State to put women's opportunity on the agenda for their 2011 and 2012 meetings. That campaign was known as the Third Billion, which refers to a billion women worldwide who will enter the global economy over the next decade. This work is a natural extension of her work as a leader in designing public-private partnerships that help her corporate clients join with NGOs and governments to accomplish their business and philanthropic goals – especially in emerging markets.

In her spare time, Taylor volunteers for and supports numerous organizations devoted to the empowerment of women in Africa. She also enjoys photography, collecting modern art, gourmet cooking and wine pairing, collecting fine wine, and traveling. She is a wine educator and founder of *Fine Wine Divas*, a monthly course for women on the origins of wine grapes, geography, terroir, techniques for tasting fine wine, and food-wine pairing.

## Later Phases of CSR: Corporate Citizenship

In 1996, Sandra Taylor became Vice President and Director of Global Public affairs for Eastman Kodak Company. As a corporate officer, she had overall responsibility for public affairs, international trade policy and corporate citizenship worldwide.

*When I was at Kodak, people weren't talking much about CSR. ... It was corporate citizenship. A big part of it was globalizing our corporate giving, and also putting much more emphasis on environmental sustainability work.*

In 1988, Eastman Kodak and its subsidiaries removed their facilities from South Africa, becoming one of the largest multi-national corporations to boycott the apartheid regime. It was an economically significant move that attracted international attention. South Africa lost nearly 500 jobs and Kodak essentially ceded a profitable market to Fuji, a major competitor that chose not to withdraw from the country. After apartheid fell, Kodak returned to South Africa to face a daunting challenge. Not only had Fuji captured a dominant position in the market, but white South Africans still seethed from losing their jobs. Re-entering this market would require not only exceptional business acumen, but also sensitivity to the emerging political and social order.

Sandra Taylor was sent to South Africa, accompanied by a group of Kodak's product development and marketing specialists. Their mission was to explore market conditions and potential in the post-Apartheid environment.

At the time, the traditional thinking in Kodak was that there was not much purchasing power among blacks in South Africa. They were just beginning a new societal and economic journey after decades of strict segregation and economic isolation within their own country. Taylor immediately ran into resistance from the tradition-bound marketing team:

## Corporate Citizenship

Beginning in the late 1970s and continuing into the mid-1990s, companies began to take a more reflective look at their multi-faceted role in society. Many of the larger corporations had foreign operations or subsidiaries and now were serving global markets. Social, political, economic, and environmental conditions in these new markets confronted corporations with new challenges and prompted them to think in terms of global citizenship. The public's growing concern with environmental issues and media focus on oppressive political regimes, like the apartheid era in South Africa, forced global corporations to reexamine their roles and responsibilities in these countries. The globalization of the economy forced even small domestically-located companies to examine their international supply chains and the foreign sources of their investment income.

*The team on the ground at South Africa used the exact same playbook that they would use in rich countries in Europe. Which is bring your executives from Rochester, NY (Kodak's Headquarters), a couple of executives from London who knew about marketing and sales, and then run our business the same way we always did... But that model yielded a strategy of marketing our products to a relatively small and wealthy white minority... Nobody even thought to see if there was market potential within black consumers, but I suspected there was. Despite everything going on in South Africa, there was a growing middle class. So, with the CEO's encouragement I went to South Africa. I decided to hire a firm that was run by young black marketing experts.*

Sandra's statement about the "CEO's encouragement" is crucial. Under George Fisher, diversity was a priority at Kodak. In fact, Fisher was an advocate for diversity at other organizations as well and used his various professional networks to promote the role of women and minorities. Sandra was fully aware of Fisher's commitment and understood he empowered her own work.

*The management team on the ground in South Africa was not happy with me being there. But I had the confidence of the CEO so I plowed ahead. That was good. I had a lot of opportunities and felt like I had a lot of support.*

The marketing team that Taylor hired gave close attention to the market for photography among the black population. They found that there were not many black professional photographers who would be interested in Kodak products. On the other hand, they found that: 1. There was a great deal of growth potential among the black population; and, 2. There were hundreds of "street photographers" who took pictures at markets, events, funerals, and so on. These were not professionally trained photographers, but they were experienced and self-taught. They had some good skills in photography, but lacked other skills that would help them be more successful. Taylor saw an opportunity that the traditional marketing professionals had ignored.

*We decided to do some training, and show them how to do upselling. Persuade the mom to do five pictures at the birthday party instead of three. Train them on better techniques, how to dress, how to present themselves when they took pictures. Many of them were not literate, so we did a lot of our training materials with cartoons, with pictures. So eventually we started to be very successful with these professional photographers. And that business started to be profitable. And soon we were beating Fuji.*

Taylor notes that there were important differences between ICI Americas and Kodak. At ICI there really was no focus on CSR nor on diversity per se. She was a minority woman in a British company, but she was valued for her international experience. At Kodak, however, diversity was a priority of the company under George Fisher's leadership. "In fact," she notes, "often there were overlaps between the diversity work and the company's sense of responsibility to its communities and to the places where it did business, such as in South Africa."

George Fisher was Sandra Taylor's first and most important mentor. His own commitment to diversity in Kodak was only one of many values he conveyed to Sandra. He also was instrumental in coaching her on how to develop and sell ideas to others in the company, how to educate them on the social and business benefits of responsible business practices, and how to work through (and sometimes around) the corporate hierarchy and chain of command.

Corporate leaders at Kodak were not actually using the term "corporate social responsibility" but they were managing according to its core principles and, in the process, spearheading an important new phase of CSR. Taylor notes:

*So to me the story of the South African street photographers illustrates the second chapter in the evolution of CSR.*

*The first was companies realizing that paying attention to stakeholders wasn't just about handling a crisis. The second was realizing that paying attention to stakeholders in the community can actually be a business opportunity.*

In her next corporate assignment, Taylor would help CSR take an even greater leap forward.

**Exercise 2:** Given what you have read about Sandra's experience at ICI and then at Kodak, discuss Sandra's ability to work from within an organization to inform opinions about CSR and affect organizational change. What challenges did she face in her approach of leading from the middle of an organization, without a designated leadership role? How do you think Sandra's experience at ICI informed her ability to lead CSR efforts at Kodak?



## Current Phase of CSR: Full Integration with Corporate Strategy

In 2003, Sandra left Kodak to become Senior Vice President for Corporate Social Responsibility at Starbucks Coffee Company in Seattle, Washington. Significantly, after nearly 20 years in the field, this was the first professional position she held that actually had the term “corporate social responsibility” in the title. And the job description itself reflected how far CSR had progressed from her days at ICI Americas.

Sandra was responsible for the strategic development and day-to-day direction of all of Starbucks global CSR programs, including: community affairs; the Starbucks Foundation; disaster relief support; development of responsible and sustainable standards for procurement of coffee, tea, cocoa and manufactured goods; reduction of the environmental impact of business operations; and the publication of the company’s award-winning CSR annual report. During her Starbucks tenure, Taylor also developed cause-marketing programs featured in Starbucks stores. This included the support of access to clean drinking water in Africa, Central America and India, and the promotion of volunteers to work with literacy efforts for children in low-income communities in the United States.

At Starbucks, Sandra reported directly to the CEO and was an equal member of the executive team that included vice presidents of sales, marketing, finance, and other operational specialties.

*At Starbucks, I was part of the strategic planning, which included how we would gain access to new markets, and other important business decisions. I had to really understand business strategy much better than I had needed to [up to this point in my career]. People think that everyone at Starbucks is so committed to CSR, but my colleagues on the executive team were business managers, many of whom came from other companies, and had no prior exposure to CSR or were ambivalent about it. What we were proposing to do with respect to CSR at Starbucks cost money and it cut into some of the financial targets that my colleagues on the executive team had to make. I had to understand the pressure they were under to make those performance targets and how CSR expenditures would affect them.*

Taylor found, to her surprise, that she needed to sell this idea not only to the leaders in the corporate suite but also to her own CSR team. Integrating business and CSR objectives played well enough with the product managers, but Sandra sometimes encountered strong resistance from her own CSR team who worried that their mission would be compromised.

*Our CSR work was done by a small standalone team, but they were a little touchy-feely. They didn’t like it when I talked about business. They didn’t like it when I said we’ve got to be a business driver; we’ve got to integrate this into the business. They would say this isn’t about business, this is about doing the right thing. This is about doing good. So I had my work cut out for me. Because I really*

## CSR as Corporate Strategy

As it is currently practiced, at least by the most committed organizations, CSR is no longer an appendage or an afterthought in corporate planning and management. Instead, CSR is “baked in” to just about everything the corporation does including supply chain management, manufacturing and packaging, vendor relations, human resource management, marketing and branding, and philanthropic strategies. Many companies have a designated CSR officer who is a member of the top management team. In these instances, the company’s CEO and its board of directors are publicly committed to CSR. Most importantly, CSR has become a proactive (versus reactive) part of the corporation’s strategy. Fully committed companies look for opportunities to enhance social conditions even beyond the markets they serve. In its most expanded form, the beneficiaries of CSR include future generations as well as current consumers, vendors, employees, and direct stakeholders. This most evolved form of CSR requires buy-in from every level of the corporate hierarchy – top to bottom – creating, in effect, a CSR culture throughout the organization. Not surprisingly, this poses significant challenges to even the most committed corporate leaders.



*felt that it was possible to make CSR core to the business. They wanted me to become an activist and an advocate inside the senior team. And the senior team wanted me to be another business person, another business leader, helping to make good decisions for the companies' business strategy, new product offerings, new joint-venture partners in new markets overseas, and there was often conflict.*

Sandra was hired by Orin Smith who retired as CEO not long after she arrived. Smith was a conservationist and deeply committed to positioning Starbucks as a leader in social responsibility. He gave Sandra his full support, but her task was difficult nonetheless.

*Orin really pushed me to get some things in place because he said that if the company ever went through a downturn, the risk was that it would unravel some of the CSR accomplishments that we made. He didn't want that to happen. So the solution was to integrate CSR into the business strategy, and that was not easy. When the company went into a downturn from 2007–2009, none of the CSR programs were reduced or eliminated, which is pretty significant.*

In terms of its worldwide visibility, as well as the potential for negative publicity, Starbucks was in a different league than ICI or Kodak. Environmentalists and social justice advocates have long kept a watchful eye on Starbucks' relationships with its coffee growers around the world, many of whom toil under difficult circumstances in poor countries. Are the farmers treated fairly in terms of the price Starbucks pays for their coffee? Are all parts of the coffee supply chain in compliance with the values and standards of a socially responsible company? What impact is coffee growing having on the environment?

Also, the retail stores have been under constant scrutiny for operational and community impacts. For example, every Starbucks store uses an enormous amount of water not only in the brewing process but in cleaning equipment. And, as is the case for any company that employs thousands of people, watchdogs look for diversity in the workforce, fair treatment of employees in terms of pay and benefits, effective methods of recycling and reuse management, and dozens of other potential challenges to the integrity of the company.

When Orin Smith retired in 2005 he was replaced by Jim Donald, a well-traveled CEO with a reputation for turning around ailing companies then moving on to new challenges.

Donald was credited with making Wal-Mart's grocery sales profitable and reversing Safeway's declining profits.

Turnaround specialists like Donald sometimes achieve their goals with drastic cost-cutting and other retrenchment strategies that eliminate non-essential or unprofitable activities. If Donald followed the same approach at Starbucks, the CSR initiatives launched by Smith might be in peril.

But by the time Jim Donald arrived at Starbucks, the CSR programs were a part of the company's core identity and were becoming increasingly integrated into the business model. He understood that CSR was no longer an "add-on" but was part of the corporate brand and image. Dropping or reducing these programs was not a part of Jim Donald's plan. He recalls his first days at Starbucks:

*I took the baton from Orin Smith and I firmly believed that as Starbucks grew both in terms of revenue, profits, and earnings per share we also would grow our ability to communicate what we were doing right. We needed to demonstrate our socially responsible practices not only in the communities where we operated our retail stores, but also in communities where we obtained our products. Then Sandra got into the operation and started to take us down an avenue that, quite frankly, we had never traveled before.*

It did not take long for Jim Donald to recognize the unique mix of skills and experiences that made Sandra Taylor particularly effective and a perfect fit for the CSR strategy that was evolving at Starbucks. When listing the skills needed for that position he notes that one needs:

*[T]he background and experience that one needs to break down doors, cold call companies to get things done. Sandra had all that from her previous employers as well as experience. But also Sandra had what not everybody had: a heart and passion for doing this and the understanding of what it's like for our coffee growers at ground level working on the farms; the support they needed from their wives and children; and how Starbucks' relationship with these growers could help make things right for them and their families. So when you put these things together in Sandra, it was a winning combination that was essential to taking the next steps in broadening our CSR footprint. Sandra was out in the coffee growing regions quite a bit, and when she came back, she spoke with familiarity with projects going on, but also the need to continue to do so.*



Nancy McGraw, one of Sandra's colleagues recalls a particular skill that was instrumental in engaging others in the CSR movement:

*Sandra was working with colleagues and helping them to see a different way of working in the world. And when you are doing that you have to be very sensitive, I think, to where people are coming from. And...the sense I have is that she was able to help clients. So I think that is something that Sandra has brought to her work –the ability to get others to see the possibilities and see the bigger picture. And you have to give people space to tell their own stories, too, because with every client or in every corporate relationship, you have to give people enough space to create a narrative that allows them to work at their best, see what they've done in the past and then build on that for future possibilities.*

Sandra knew that telling the story of these farmers was not enough. She needed to convince the top managers, including Jim Donald, to travel with her to these areas to see for themselves the impacts – positive as well as negative – on these families and their communities. Jim Donald has photographs that help him remember his trips with Sandra:

*I'm looking at a picture now of Sandra and I standing out with a farmer in his mud thatched hut in Tanzania...I'm looking at her right now, we're right there in the little door. We just went into that thatched hut. It was divided into 4 rooms: the cows slept in one, the oven...the fire was in the other and there were two bedrooms...and everybody liked Sandra...[W]hen she was in the field and when she went into certain areas to explain the program, people loved her!...the marks of a good leader, and networking is follow through. She follows up, she followed through.*

The signature CSR program initiated by Sandra was a coffee procurement program called C.A.F.E. (Coffee and Farmers Equity) Practices. C.A.F.E. is a scorecard of more than two hundred socio-economic, and environmental indicators of sustainability. Farmers, co-ops, exporters – any organization in the supply chain, must meet an “acceptability threshold” on the C.A.F.E. scorecard in order to do business with Starbucks. The program helps to ensure that Starbucks coffee is sustainably grown and processed measured against a defined set of criteria. Conservation International helped develop the C.A.F.E. criteria and estimates that the initiative has significantly benefited more than one million workers who are employed by farms that are certified by the

program. Certification is performed by an independent third party.<sup>2</sup> The partnership with Conservation International was also Sandra's idea and added even greater credibility and authenticity to the C.A.F.E. Practices program.

Sandra says that C.A.F.E. Practices are a good example of the last phase of CSR:

*The third phase of the evolution of CSR requires a company to make a top-level commitment to the principles of treating the people and the planet well and then integrating these principles across the entire supply chain into everything you do. And I think that's what CSR means today. It's not about responding to a crisis. It's way more than installing energy-efficient lightbulbs in headquarters. It's strengthening business in a way that benefits...the customers, suppliers, employees, investors, neighbors, and the world we share.*

Jim Donald believes that Sandra Taylor exemplifies the type of person who responds to good leadership from above but then also exercises good leadership from her own position:

*The mark of a good leader is not to be the smartest person in the room, and I can assure you as the leader of Starbucks during that time, I was not the smartest person in that room. The mark of a good leader is to surround him or herself with people who are a heck of a lot smarter and know a lot more about their particular areas and are not afraid to speak up. Sandra was that person. Nothing ever went smooth as silk. But Sandra had lots of opportunity and she used her office to get across her agenda. I encouraged all my direct reports to speak up and, you know, that is like putting gas in a car with Sandra because she naturally is a person that speaks her mind when she saw fit and that was (laughs)... quite a lot.*

Starbucks has continued to be a leader in CSR with programs that are focused on the communities in which their stores are located and where the coffee is grown, on ethical sourcing of sustainable products, and sustainable environmental approaches. Starbucks has made it a priority to hire military veterans and recently announced plans to hire a substantial number of refugees and immigrants.

<sup>2</sup> A copy of the criteria can be found at [https://www.scsglobalservices.com/files/program\\_documents/cafe\\_scr\\_genericv3.4\\_011516.pdf](https://www.scsglobalservices.com/files/program_documents/cafe_scr_genericv3.4_011516.pdf)

The Starbucks Foundation supports health, education, and job training programs in the origin communities and offers college scholarships. They continue to pioneer environmental solutions around recycling, water, and energy consumption and strategies to address climate change.

**Exercise 3:** Divide the class into groups of three. Have each group research the CSR strategy of an organization of their choice. How has their CSR policy evolved? What is the motivation behind the policy? What impact has CSR had on organizational performance?

## Epilogue: Sandra Taylor on Leadership

Sandra Taylor balks at the notion that she is a leader because she notes that she has never led a great number of people. But when pressed, she reflects on the leaders under whom she has worked and also her own growth as a leader:

### Leaders value diversity

*I think a good leader, the people who I looked up to as leaders, are people who have had very diverse experiences and who surround themselves with a very diverse team and workforce. There are some ways to determine how diverse an organization is. You can check their organizational chart to see if they even have a VP for diversity and inclusion. Look at their senior team and see if there are diverse people on their senior team. There are some little signals that I think you can get for how diverse an organization is.*

*Often, there were overlaps between the diversity work and the CSR work. We kind of felt like it was part of our corporate responsibility to do more procurement from minority owned companies.*

*I was always insisting that if I hired someone I always demanded that there was a diverse slate of candidates for any position I had to fill and that was sometimes frustrating for our HR people because it wasn't always easy, but we managed. And we put together a diverse team.*

### Leadership and goal setting

*Part of my personal growth was just learning how to calibrate what was feasible and doable in a private company versus what I felt the company ought to be doing.*

*I think the personal growth was just understanding what could and couldn't be done and taking small wins, and keep moving forward.*

### Leadership and organizational context

*When I think about the kind of work I did going from government, the bureaucracy, going to Capitol Hill, to public affairs it was really working on the same kinds of issues but from a different perspective.*

### Leadership and life balance

*It's really important to schedule, and focus, and make a priority of doing things that you really enjoy or hobbies, spending time with family is so important. So it's hard for some people to draw the line between work and fun. I think it's really critical for success so you don't burn out.*

### Leading as a minority woman in workplace

*Sometimes I felt like I was expected to represent the interests of African Americans, but there were three African-American women on the senior team (at Starbucks). The senior VP for communications and media relations was also an African-American woman coming from Dow Chemical. So we were very well represented and we didn't feel isolated so it was a very unique experience that I don't think happens at a lot of other companies.*

*Another thing I had to learn, and it wasn't always easy, is just speaking up. Being part of a senior team of males, American, white men. When you're sitting there, and you have a good idea, it can be sometimes intimidating or overwhelming. And just making myself speak up, and express my point of view, and not feeling like I always had to be perfect because I think women and minorities sometimes – we're nervous about saying something that may not come out perfectly.*

*I think women and minorities; we tend to be a little hesitant about expressing our perspectives because I think we're expected to be perfect. If you speak English with an accent, you may think, "Oh, they won't get it." So I think having that confidence or getting over that fear, even if it's not confidence, just saying I'm going to do this, speak up, I'm going to express myself – it's a good idea.*

### And, finally, a concluding thought on CSR in the future:

*I believe that if every company assessed its entire chain from the raw materials through to the end of life of the product, and if they looked at what are all of the environmental challenges, environmental issues along that chain, what are the social issues along the chain, what are the issues that employees face, what is happening in your factories, what are the needs of the communities where you do business and addressed all of that. . . if companies just did that and never gave a dime in terms of philanthropy, they could make a huge difference in the world.*



## Historical Evolution of CSR

**Prior to 1950s:** Philanthropic era – organizations mainly donated to charities.

**1953-67:** Awareness era – there was more recognition of the overall responsibility of business and its involvement in community affairs.

**1968-73:** Issue era – companies began focusing on specific issues such as urban decay, racial discrimination, and pollution problems.


**1974-78:** Responsiveness era – companies begin taking serious management and organizational actions to address CSR issue. This attitude is seen in the present as well, and has evolved even further.

**1980s:** There was a focus on developing new or refined definitions of CSR. Two alternative themes were formed during this time, stakeholder theory and business ethics.

**1990s:** Few unique contributions happened to enhance the concept of CSR. Instead CSR served as a basepoint for complementary themes such as corporate social performance (CSP), stakeholder theory, business ethics, and sustainability.

**2000s/21st century:** Period is characterized as the strengthening of the linkages between CSR and the aforementioned complementary themes.





University of Pittsburgh  
Graduate School of Public and International Affairs  
3916 Wesley W. Posvar Hall  
230 S. Bouquet Street  
Pittsburgh, PA 15260  
412-648-1336

[www.johnsoninstitute-gspia.org](http://www.johnsoninstitute-gspia.org)

**GSPIA** University of Pittsburgh  
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and International Affairs  
[www.gspia.pitt.edu](http://www.gspia.pitt.edu)