

**Table 2.1 The business case for ethical trade (continued)**

| Your audience  | Possible business benefits   |
|--|--|
| Other departments, eg buyers, people who make strategic sourcing decisions | Improved product quality<br>Gaining a better understanding of the supply chain, which may improve efficiency<br>Increased productivity<br>Improved internal efficiency<br>Reduced risk |
| Your suppliers   | Increased productivity<br>Preferential supplier status<br>Increased potential to supply other customers<br>Improved staff morale<br>Enhanced credibility as an international supplier  |

## 2.2 Getting senior management buy-in

### 2.2.1 Why it's important

To implement your code of practice you must have a champion – preferably someone at board level, or at least senior management – to drive implementation from the very top. Top-level commitment can help:

- ensure that you have enough financial and human resources to implement your strategy – at a minimum you will need resources for developing the strategy, assessing your suppliers' performance and following up assessments;
- build enthusiasm and co-operation of different staff throughout your company;
- give you the authority to implement the strategy. Colleagues throughout the company need to understand that they must take this seriously;
- make sure the implementation of your ethical trade strategy is integrated into the company's business objectives.

### 2.2.2 How to do it

Find out how senior managers think and how they like information to be presented and respond accordingly. Some may only respond to figures and charts; others may be persuaded with examples of what other companies in your industry are doing. If you know about any current or likely campaigns organised by NGOs against other companies in your industry, fear of the same could be a good motivator.

### Tools of persuasion

**Shock tactics.** Newspaper headlines exposing companies for poor working conditions in their supply chains can help focus the minds of senior management. **Resource 5** provides some scanned cuttings of recent exposés of poor working practices in company supply chains in the food and garment sectors, in the UK and globally.

**Case studies.** As chapter 1 stated, no single business case for ethical trade exists. However, many companies have found that implementing an ethical trade strategy can help different aspects of their business. You could use some of the case studies in this workbook, for example:

- Case study 1.1 The reputational benefits of adopting an ethical sourcing strategy
- Case study 3.2 How dialogue and negotiation have reduced disruption in Chiquita's supply chain
- Case study 5.2 Linking productivity and worker welfare in African horticulture
- Case study 5.3 Benefits of adopting management systems for code compliance – Brandix in Sri Lanka
- Case study 5.4 Benefits of adopting management systems for code compliance – The Prem Group in India

**Statistics:** Use evidence of growing consumer interest in ethical issues to demonstrate the need for your company to embrace ethical trade. The Co-operative Bank's annual *Ethical consumerism* report looks at trends in consumer behaviour and has some useful statistics demonstrating that 'ethical consumerism'<sup>1</sup> is growing year-on-year. Some statistics you could use from its 2005 report are:

- overall ethical consumerism grew by 15% between 2003 and 2004
- ethical boycotts of grocery goods grew by 8.2% from £914m in 2003 to £989m in 2004
- 'ethical clothing'<sup>2</sup> sales grew by 30.3% from £33m in 2003 to £43m in 2004

## 2.3 Getting buy-in across your company

### 2.3.1 Why it's important

Any strategy needs to be properly communicated to everyone it will affect, particularly those responsible for implementation. And although it may not be immediately obvious, many different parts of your business will need to be involved in implementation.

For example:

- *buyers* need to know that if suppliers are pressurised to cut prices, manufacturers may be pushed to cut wages;
- *forecasters* need to know that if they fail to predict market trends accurately, this increases the likelihood that suppliers will be requested to make last-minute changes to orders. This may create pressures on suppliers to increase levels of overtime or to use more vulnerable groups of workers to meet short term demands;
- *people who set performance criteria* need to think about how to incentivise buyers to take ethical considerations into account.

### 2.3.2 How to do it

Suggestions on how to win hearts and minds are:

- communicate the objectives of ethical sourcing and any new procedures to all staff – ideally as part of their induction training, and then through regular training programmes;
- regularly update senior executives on progress;

<sup>1</sup> The Co-operative Bank's definition of ethical consumerism is "personal consumption where choice has been informed by a particular ethical issue – be it human rights, social justice, the environment or animal welfare".

<sup>2</sup> Defined as "sales of organic cotton, labels that commit to minimum labour standards and clothing made from recycled material".

- identify groups needing in-depth training – for example, buyers, quality assurance managers, and technologists. Make sure the training is of relevance to their respective function/s;
- make sure people know who is leading on ethical sourcing in the company so that any queries from external people (such as customers and the media) can be handled effectively;
- include information on ethical sourcing issues in your staff magazine and/or your company intranet site;
- consider convening ethical sourcing ‘action groups’, which could comprise staff from different departments – for example, purchasing, technical, human resources (HR), communications;
- consider focusing your efforts on the people in your company who *do* want to make a difference and build goodwill with them through one-to-one communication;
- consider appealing to your colleagues’ better natures. Most people would not want to be associated with exploitation of workers and presenting them with documentary evidence of poor working conditions could be a powerful tool for persuasion.

### Resources

To help you demonstrate the ‘business case’ for ethical trade to colleagues, **Resource 5** provides a selection of newspaper clippings showing examples of how poor working conditions can create negative publicity for companies. **Resource 6** provides photographic evidence of poor working conditions – this might also help you motivate colleagues. See also **Resource 7 Winning support for ethical trade within your own company – the experiences of one ETI member company**.



Section 9.4.1 also provides some tips for persuading buying teams to get involved in ethical trade.

### Case study 2.1 Levi Strauss & Co.’s ‘Responsible Sourcing ‘Terms of Engagement’ video

Levi Strauss has developed a responsible sourcing video for senior management to inform company management and employees about the company’s responsible sourcing programme, including the rationale for its development and what activities it has involved since its inception in 1991. The aim is to increase awareness and understanding of the programme. The video is shown as part of employee induction and other forms of training.

### Tip

Persuading your colleagues of the business case for ethical trade will not be a one-off activity. You will need to keep reminding people ‘why are we doing this’ every time you ask for resources or communicate about ethical trade with buyers and others in your company, and every time there is a change of senior management. It might help to think about it as ‘chipping away’ rather than a ‘big bang’ approach.

