The Halo Effect: Balancing Authenticity and Reputation in Corporate Social Responsibility
Achieving the right relationship between a company's brand and its philanthropic or volunteer efforts is a delicate balancing act. But it's well worth the effort. This whitepaper identifies four overarching principles that can guide a company in aligning corporate social responsibility activities with the corporate brand for authenticity and impact.

A year ago, our firm was retained by a high-profile financial services company to create a branding campaign focused on its signature employee volunteering program. The client was very clear on what it wanted this campaign to do: increase participation among employees at all levels, in all of its global offices. It was equally clear about what it didn’t want the campaign to do: draw attention to the program from external audiences.

Why this reticence from one of the world’s leading financial brands? According to the firm's director of communications, the success of the volunteer program, which had grown steadily in participation over 15 years, lay in its “purity.” Employees appreciate the fact that the firm doesn’t try to leverage its volunteer efforts to burnish its corporate brand through favorable publicity. Like virtually all major financial institutions, our client recently endured a slew of negative publicity following the collapse of the housing market. The temptation to use its impressive employee volunteer program to offset this publicity must have been strong. But it was resisted.

When it comes to corporate social responsibility (CSR), including corporate philanthropy, is virtue always its own reward? Should companies erect “Chinese Walls” between their good works and the work that makes them money? What is the appropriate balance between altruism for its own sake and using altruism to support a company’s brand?

There are no easy answers to these questions, but there are overarching principles that can guide a company.

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Keeping employees informed is critical to integrating CSR efforts with corporate branding building.

Principle 1

The closer the connection between a company’s CSR activities and its underlying business, the more appropriate it is to link the two in brand marketing activities.

First and most importantly, companies should evaluate the connection of their CSR activities to their fundamental business. The closer the connection, the more appropriate it is to link the two. For example, Wells Fargo offers free educational tools and programs to build financial management skills among all age groups and economic segments, including ethnically diverse communities. Its “Hands on Banking” program, offered in English and Spanish, mobilizes the bank’s employees to teach financial management in schools and to community groups. Wells Fargo’s “Fun of Money Tour” visits college campuses to teach money management and banking skills. Identifying these and other financial management programs with the Wells Fargo brand is not only appropriate, it actually enhances their impact by associating an acknowledged expert in finance with practical financial education.

When the connection between a CSR activity and the company’s core business is a close one, it’s entirely appropriate to link the two in brand marketing activities. A client of ours, one of the nation’s top developers of shopping centers, has been a pioneer in creating “green” buildings that vastly reduce their carbon footprint. Promoting this initiative at the company’s locations helps raise awareness of environmental issues and improves its brand reputation. It’s a win-win for the environment and for the developer.

In contrast, a number of soft drink and snack food companies have recently launched philanthropic efforts aimed at encouraging physical activity among young people. While these efforts are commendable and should in no way be discouraged, they are clearly intended to counter criticism of products that are widely blamed for the epidemic of childhood obesity. These companies would be well advised to downplay the connection between these health-focused efforts and their corporate brands—neither will be helped by association with the other. Is it still worthwhile to make the investment in these initiatives? Certainly, for a number of reasons: bolstering employee pride, improving the companies’ stance with regulators and communities, satisfaction in “doing the right thing.” But strengthening their soft drink and snack food brands should not be a justification for the effort, and the connection to the brands should be subtle. Otherwise it will inevitably backfire, which will hurt their CSR efforts and their brands.

Principle 2

When a company’s CSR activities are not closely connected with its business, create a separate brand for charitable initiatives…and treat it as an extension of the corporate brand.

If a company’s charitable work doesn’t directly tie to its underlying business, must the company always keep an arms length between the two? Absolutely not. But extra care is
needed to avoid the sense that the company is exploiting its charitable work to build its business. One successful strategy is creating a separate brand for the philanthropy and then tying that brand to the corporation. This approach creates a linkage between two brands—one charitable, the other corporate—rather than between the end beneficiaries and the corporation itself, which can be viewed as opportunistic and self-serving.

Here’s an example. The telecommunications behemoth Verizon decided to invest philanthropic dollars in improving education. Now, there’s nothing inherently contradictory about a telecommunications company supporting education; nor is there an obvious link between the two. So Verizon created a new entity, Verizon Thinkfinity, to be the vehicle for its efforts in this area, which include providing innovative curriculum guides and materials to schools and teachers. The company launched an integrated branding campaign to build awareness of and enthusiasm for the initiative. Clearly, the company isn’t hiding its connection to the initiative—in fact, the name itself, Verizon Thinkfinity, links the corporate brand with the philanthropic brand. But by establishing a new entity, the company is essentially finessing the issue of why a telecommunications company would support educational resources—it’s Verizon Thinkfinity, an extension of the company’s brand!

**Employees represent the most powerful brand communications channel...so keep them informed and engaged in CSR activities.**

Perhaps the most fruitful way to link philanthropic or employee volunteerism programs and the corporate brand is through a company’s employee base. For most companies, and particularly those in the business-to-business space, employees represent the most powerful brand communications channel available. What they say about their company and its offerings—whether in a sales call, on a blog, or in a casual conversation with a reporter—can often have more impact on a company’s brand equity than an advertising campaign. The same applies to how they communicate with others about their company’s CSR activities. If they understand them, endorse them and—most critically—feel a part of them, they will communicate this understanding with accuracy and passion. The company doesn’t need to call attention to its good works—its employees will do it for them, and in a manner that will not seem self-serving.

Keeping employees informed is thus key to successfully integrating philanthropic efforts with corporate brand building. Too often, companies fail to fully integrate their community work with their employee communications; supporting the arts, for example, is seen as a pet project of senior management rather than an endeavor in which all employees have a stake. Making employees feel connected is about more than offering them discounted tickets to company-sponsored events and matching their personal contributions. It’s about drawing a connection between the work of the company and the company’s good works. When they understand this connection, customers, the media and other external constituents will understand it, too.
A long-term client of ours gets this right. It includes a “community engagement” section in each employee’s human resources profile. This section, which can be continually updated by the employees to reflect hours volunteered in company-sponsored events, is used as part of employees’ annual evaluation. For this company, tracking time spent on community engagement isn’t just a tactic for encouraging more employee involvement; it’s a strategy that lets employees know that the company is committed to social responsibility. When employees understand this, they will communicate the commitment in external interactions.

When employees are directly involved in community efforts—through a company-sponsored volunteer program, for example—the opportunities for creating a “halo” that casts a favorable light on the corporate brand are magnified. Deloitte, the global accounting and consulting firm, sponsors a once-a-year “Impact Day” in which tens of thousands of employees volunteer in more than 800 projects. Deloitte, like the financial services company noted at the start of this article, doesn’t pursue publicity for its signature volunteer program. However, the firm does provide specially designed t-shirts for employees to wear when they are volunteering. It’s the best kind of brand-linkage because it’s subtle, inexpensive and does not come across as self-serving.

**Brand Alignment Strategies**

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<tr>
<th>SITUATION</th>
<th>BRAND STRATEGY</th>
<th>EXAMPLE</th>
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<tr>
<td>The CSR activity is closely related to the company’s underlying business.</td>
<td>Link the corporate brand with the activity. The brand and the social impact will be strengthened.</td>
<td>Wells Fargo’s “Hands on Banking” program</td>
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<tr>
<td>The company has experienced negative publicity.</td>
<td>Any CSR activity may be seen as self-serving. Downplay the association between the brand and the activity.</td>
<td>Snack food companies’ antiobesity/pro-exercise campaigns</td>
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<td>Employees volunteer in the community.</td>
<td>Avoid overt publicity efforts. Let employees serve as “ambassadors” for the CSR activity and, by inference, for the company brand.</td>
<td>Deloitte “Impact Day”</td>
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**Principle 4**

Research is critical to determine the ideal relationship between a company’s brand and its CSR efforts.

As with any aspect of building a brand, the key to determining the optimal linkage between employee volunteer programs or philanthropy and the corporate brand is research. Recently we were asked by a national life and health insurance company to recommend a strategy for communicating the goals and achievements of its community activities to customers and prospects.
We conducted focus groups in five cities with the company’s customers. The results were eye-opening for the company’s executive team. Most of their community efforts were largely unknown, despite years of activity and community-focused advertising. And those that were known were viewed with suspicion by prospects—a none-too-transparent attempt to buy their business. But the research uncovered a silver lining: customers were impressed by the insurance company’s education programs in the areas of community health and wellness—areas related to the underlying business relationship they had with the company. This information provided a blueprint for future charitable efforts and a roadmap for communicating about these efforts to customers, prospects and other external constituents. Research is thus critical to determining the ideal relationship between a company’s brand and its CSR efforts.

*Achieving the right relationship is a delicate balancing act, with much at stake—the integrity of the corporate brand as well as the important work being done in the community. But it’s well worth the effort. When a company is associated with social responsibility—and its initiatives don’t come across as self-serving—it can truly be said to do well by doing good.*

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**About DeSantis Breindel**

DeSantis Breindel is a B2B branding and marketing firm based in New York. At critical inflection points, we work with our clients to align brand strategy with business strategy—creating stories and experiences to engage customers, influence prospects, rally employees, inspire investors and build communities. To learn more go to [www.desantisbreindel.com](http://www.desantisbreindel.com)

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