

MANAGEMENT

moving towards integration

Lloyds TSB has developed a way of embedding corporate responsibility throughout its management structure and across all business units. The bank is using an existing management framework that is already familiar to staff and involves non-CSR specialists when setting targets for improvement

The goal of making corporate responsibility an integral part of a company's daily life, rather than just an occasional add-on, is now a key business objective for those companies in the vanguard of responsible business practice. Yet there is little evidence that many of them are making much headway.

Lloyds TSB, however, is taking some positive steps. The UK-based high street banking and insurance group is introducing a corporate responsibility management system that aims to move the average employee – there are 70,000 of them – from vague awareness of corporate social responsibility to a position where each is an enthusiastic advocate of business responsibility measures. What's more, the system sits within existing business strategy and internal frameworks, meaning that CSR programmes should become directly aligned to general objectives and therefore more relevant to employees and managers alike.

The programme has been managed, at least initially, by a special steering group of senior managers and the bank's central corporate responsibility team. But increasingly, in the spirit of integration, its day-to-day management is being devolved to individual business units, enabling them to build the programme into their own priorities and objectives.

At the heart of the initiative is a network of around 35 corporate responsibility 'enablers'; senior managers drawn from different parts of the business, including the finance department at head office in London, the corporate banking department, the bank's pensions and investment arm Scottish Widows, and its mortgage provider Cheltenham & Gloucester. Each enabler is charged with overseeing progress on corporate responsibility in their unit. Most will not be CSR specialists in any shape or form, but that's the way Lloyds TSB likes it. John Swannick, manager of corporate responsibility at the financial services group, stresses that the enablers are 'senior enough to get things done in their business units but not so senior that it is hard to make contact with them on a daily basis' – and emphasizes that their newness to the topic is, in many ways, an asset.

'What we're trying to do is to build a corporate responsibility programme that fits in with our overall business strategy,' he says. 'The idea is that this will be driven from the top, but carried out by managers and staff at business unit level. As a result, what we do on corporate responsibility, whether it be volunteering or work on tackling financial exclusion, will fit in with the activities and priorities of the bank at

the company

Lloyds TSB is Europe's 14th biggest bank and the 24th largest in the world in terms of market capitalization. Predominantly UK-based, though with operations in more than 20 countries, it has 70,000 employees and 16 million customers. It:

- n implemented a formal group-wide human rights policy in 2004
- n gives one per cent of the group's pre-tax profits to four Lloyds TSB Foundations – one each for England and Wales, Scotland, Northern Ireland and the Channel Islands. The foundations make grants to charities
- n provided seedcorn funding for a Community Banking Partnership supporting the work of the New Economics Foundation, National Association of Credit Union Workers and Salford University. This aims to offer financially excluded households affordable loans, debt repayment facilities and money advice
- n is one of the UK's largest investors in the community, donating £37m (£69m) in 2005 alone

n Lloyds TSB hopes its devolved corporate responsibility management system will engage all the bank's employees, from the boardroom to the high street branch



local level. Having enablers who are not corporate responsibility specialists sets the tone and, hopefully, allows others to become engaged more easily.’

The enablers have assessed their business units on 40 key CSR topics – most of them doing so during an intensive one-day session at head office with the corporate responsibility team. The steering group has digested the findings and suggested improvements in a wide range of areas, among them diversity, volunteering and energy use.

Some units, for instance, have realized that they currently view corporate responsibility only as a ‘defence mechanism’, and not as a way to make a positive contribution to the business, in part by strengthening relationships. As a result, they now intend to involve the bank’s central corporate responsibility team when pitching for new business. Other units have found that while their performance is relatively good in some areas, they’re not so good at communicating what they do internally – and have been asked to come up with CSR-focused in-house newsletters.

Once each enabler has given their opinion of the findings, key performance indicators and targets will be agreed. ‘The results of the assessments have provided us with lots of valuable information for our 2005 corporate responsibility report, but the main thing is that they’ve highlighted areas for improvement – and

because the people involved are bringing in issues that reflect their business priorities, we can integrate our corporate responsibility objectives much more closely with our overall goals,’ says Swannick.

Already various projects are envisaged as a direct result of the new system, including a central log of all volunteering activity and a financial inclusion programme that offers banking services to people whose personal circumstances currently exclude them from opening an account. Managers at all levels will also begin to build corporate responsibility objectives into staff training programmes and career plans. The bank is also producing a group guide to CSR for all employees and intends to raise business responsibility issues more explicitly in staff questionnaires.

Lloyds doesn’t anticipate that all this activity will lead to radical change: instead it says the results are more likely to ‘be about improving on existing practices – we won’t be looking at starting anything afresh’. However, it does believe that the system will bind the organization together on corporate responsibility as never before.

Crucially, the criteria used for the self-assessments have been devised using the European Foundation of Quality Management’s Excellence Model, a framework that is used by Lloyds TSB, as well as more than 30,000 organizations across Europe, to assess business performance. The EFQM Excellence Model

Lloyds TSB believes its new system will bind the organization together on CSR as never before

was introduced to the business world at the beginning of 1992 to help assess organizations for the European Quality Award, and is now the most widely used organizational framework of its type in Europe. It can help managers to assess their progress themselves, to benchmark their unit’s performance and to identify areas for improvement.

Lloyds TSB was represented on a working group set up by the foundation to devise a corporate responsibility framework based on the Excellence Model, and in 2003 became the first organization to test it. The bank is continuing to develop that framework with the foundation while using it as the basis for its new system, and plans to incorporate a stakeholder dialogue programme within it.

Swannick says that putting CSR programmes within an established business performance framework makes it more likely that they will reinforce the commercial goals of the business.

Individual business units should also find it easier to incorporate their new targets and be more willing to adopt and adapt CSR policies and programmes as their own. This in turn will create more enthusiasm, as employees will feel the programmes are ‘owned by the business units themselves rather than being driven from the centre’.

It has not all been plain sailing – some within the company have been unwilling to acknowledge that taking account of corporate responsibility is good for business, for instance – but Lloyds TSB has accepted that such hurdles will present themselves along the way. It sees the initiative as work in progress that will have to be assessed at regular intervals and fine-tuned as necessary.

This should add to the feeling that the bank’s position on CSR is not set in stone, and that business units have flexibility within the framework to make changes not when head office tells them to, but when they feel they should.

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ibe comment
LLOYDS TSB

Lloyds TSB has taken the important decision to make its corporate responsibility programme part of its existing business strategy. In this way the programme is not seen by employees as another new gimmick, but as a part of everyday business life. The bank has appointed ‘enablers’ in each of its business units to ensure progress against its 40 benchmarks using the EFQM Excellence Model, with which employees are already familiar.

features that impress include:

- n an integral approach to corporate responsibility is being used by the bank
- n different businesses within the bank will assess their own performance in 40 areas of corporate responsibility
- n the whole programme is benchmarked against an existing business model (EFQM)
- n stakeholder dialogues are planned to develop the criteria used for measuring corporate responsibility

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