



GEAR GURU

THINKING GREEN STARTS NOW

SOCIAL RESPONSIBILITY STRATEGY
JJT2: Task 1

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11/5/13*

Social Responsibility

Gear Guru's fundamental ambition is to inspire, teach and outfit people for a life of outdoor adventure and stewardship. Stewardship at Gear Guru covers three broad subjects: (1) Encouraging the responsible use and enjoyment of the outdoors; (2) Practicing responsible business practices, and; (3) being an employer of choice, where employees are highly engaged in the vision of the business and are outstanding Gear Guru representatives in our community.

Gear Guru's stewardship goals closely relate to a growing trend in business called "Social Responsibility". The idea of Social Responsibility is that corporations will self-regulate, hold themselves accountable, and act only in the best interest of their stakeholders (a stakeholder is defined as "a party that has interest in an enterprise or project" such as an investor, employee, customer, supplier, community, or government (Investopedia, 2013)).

Acting in the best interest of a stakeholder goes beyond just obeying the law. There are many things that are legal but unethical. For example, in Africa there are no laws limiting the amount of lead that can be found in a non-food item. Lead is cheap and can reduce production costs immensely. However, in America any accessible object with more than 100 ppm of lead is deemed illegal and toxic. If an American company could find a legal way to sell a knowingly toxic lead item to African consumers would it be ethical? Would it be acting in the best interest of all the stakeholders, namely the African consumer?

Smart corporations adopt a standard of social responsibility and go above what the law requires. The concept of social responsibility also ensures that a company's strategies and procedures are ethically sound. As companies seek to achieve ethical leadership and a standard of corporate social responsibility they will often "employ an external auditor to review their financials and provide advice on communicating sensitive information to the public. Likewise, legal consultants provide companies with information on ethical HR practices and customer focus groups keep the business engaged with consumer wants and needs. Corporate governance is therefore about remaining responsible not only to the profit-generating motive of the company but also to its commitment to engage in fair practices, not exploiting people or the environment for unnecessary gains" (Bradley, 2013).

The effects of being socially responsible have positive effects on all aspects of business including public relations, retention and cash flow. The untapped potential of social responsibility is enormous and can benefit Gear Guru substantially. Below is a social responsibility strategy that has been prepared for Gear Guru. In the strategy you will find four targeted areas: Environment, Ethical Leadership, Organizational Viability and Legal Regulations. Each are important to becoming an industry that not only creates a substantial profit but is also socially responsible.

You may ask, “Does good ethics result in good business?” I am here to say yes! I am not the only one that believes that good ethics provides substantially good results. Keep in mind in the end social responsibility is “just good ethics” to all stakeholders not just shareholders. Obviously the impact can be seen; increasing the ethical span equals more good business. Here are two references to keep in mind as we explore the possible ways that Gear Guru can improve its social responsibility.

Harvard Business School: “companies committed to ethical behavior and concern for customers, employees, and shareholders outperform those organizations less interested in ethical leadership” (Kotter & Heskett, 2013).

Ethicist Robert C. Solomon: "Ethical businesses tend to be more trusted and better treated, and to suffer less resentment, inefficiency, litigation and government interference. Ethics is just good business." (Solomon, 2013).

Environmental Recommendations

As an outdoor recreation outfitter the connection between Gear Guru’s core purpose and the paper products that we use is clear: More paper consumption equals less forest. Less Forest equals fewer places to practice outdoor recreation. Reducing the amount of paper products consumed by Gear Guru’s operations is paramount to driving its future success.

There are four ways that Gear Guru can reduce its use of paper and promote less deforestation and give future viability to the company. (1) Reduce direct mail pieces in favor of electronic communications and digital marketing efforts. Email is an efficient and effective marketing stream. Inviting customers to join our online community through email can greatly increase sales and reduce printing, paper and postage costs of the direct mail services. (2) Boost efficiency of catalogs and printed materials by: comprehensively scrubbing the mailing list and by offering opt-out programs. (3) Redesign packaging of Gear Guru brand clothing and gear to minimize the amount of paper it contains. For example, Gear Guru’s polyester t-shirts are boxed individually and then put into a larger box for delivery to our retail locations. These t-shirts are often taken out of their box for display purposes. Instead of packaging each t-shirt individually a large cardboard separator could be used to keep the polyester t-shirts organized in the larger shipping box and thus eliminate the unnecessary packaging and cost. (4) Buy only paper products that have been approved by the FSC (Forest stewardship Council) and/or avoiding paper products that the fiber comes from unknown or unwanted sources. Undesirable paper and wood fiber include: paper that has come from illegal logging, contribute to human rights violations or actively convert natural forests to plantations or non-forest uses.

Environmental social responsibility goes far beyond deforestation. Figure 1 below offers two more recommendations to better fulfill Gear Guru’s environmental responsibility.

Environmental Recommendations	
<p>Increase Green Energy Use</p> <p>Wind & Solar Technology: Seek wind and solar wherever possible with two determining conditions: 1. The source must be a new renewable energy generation qualifying under the most recent Green-e certification requirements. 2. The product must offer a financial hedge against future energy price escalation, particularly risks associated with fossil fuel costs.</p> <p>Eliminate Heating & cooling Units with Freon (R22) by 2025: 1. Replace outdated units with safer, more efficient equipment. Connect each unit to a sophisticated management system that optimizes their use.</p> <p>Eliminate incandescent blubs: As old blubs wear out replace them with efficient long-lasting lights. Thus Reducing electrical costs and our impact on the environment.</p> <p>Centralized energy management system w/ occupancy and light intensity sensors: 1. Minimizes the amount of time that lights are “ON” (only on when needed).</p> <p>Skylights: Update older buildings by 2025 and plan new buildings with skylights.</p>	<p>Zero waste-to-landfill organization by 2020</p> <p>Increase recycling and recovery options: (1) Partner with waste vendors and other retailers to expand recycling options around the country. (2) Composting food waste units at headquarters.</p> <p>Work with suppliers to design out waste materials: Example: eliminate packaging such as plastic bags destined for the landfill</p>

Figure 1: Environmental Recommendations

Environmental social responsibility not only helps Gear Guru by preserving the forests and communities for future generations but also decreases expenses dramatically. For example, by putting skylights in the ceiling little to no artificial light is needed during the sales day. Furthermore, by seeking out affordable and efficient solar technology allows Gear Guru locations to reduce costly utility charges. Truly, by doing our social responsibility we are giving back to the environment we love and are giving long lasting viability to the company.

Ethical Leadership

It is important to generate leaders within a company if a corporate responsibility plan is to be successful. At first glance you would look to management to be the leaders. Though many managers can lead, not all managers are leaders. A leader is “accountable, respectful, consistent in their approach and is open to communication” (Bradley, 2013). Furthermore, a leader upholds ethical business practices and manages risk by keeping “the company's reputation and fiscal health in check” (Bradley, 2013). In laymen terms, an ethical leader is a builder and supporter of his/her stakeholders. Such a leader understands the age-old saying, it takes years to build and only takes mere seconds to destroy.

Ethical practices such as transparent accounting, steering clear of activities that could bring negative media attention, honoring contracts and engaging directly with customers, employees, and the community allow Gear Guru to show its commitment to being socially responsible and create a culture of risk aversion.

Ethical leadership starts at the upper management level but must trickle down to the lowest level for it to be successful. Every stakeholder, like suppliers, employees and communities should be aware of Gear Guru's ethical culture and commitment to ethical leadership. In reality ethical leadership is three-tiered taking into consideration people, planet, and profit. The environmental section of this paper certainly gives a solid foundation to performing ethically in the environment. However, what about people and profit.

Creating a pleasant work place is a great way to show your commitment to social responsibility and ethical acts. Employees spend up to one-third of their time at work. When work is a place that is comfortable, pleasant and intellectually stimulating it increases the chance that an employee's time at the company will be enriched. Employees that feel enriched are more likely to stick around. Not to mention, such an atmosphere attracts more talented young leaders who could take the company to the next level. Three ways that Gear Guru can ethically lead its employees are: (1) Offering Fair to outstanding Pay and Benefits; (2) On-site day care; and, (3) Fully paid sabbaticals.

Competitive salaries with outstanding benefits attract outstanding and creative employees. Also, according to Maslow's hierarchy of needs, it is only when basic and safety needs are met can an employee focus on attaining higher aspirations. We also know that the higher a person can go in fulfilling his/her needs greater are the expectations of fulfillment and productivity within the work place.

Specific benefits that Gear Guru can incorporate into its corporation are: (1) An annual incentive plan; (2) Retirement and profit sharing; (3) Healthcare: health, life & disability plans; (4) Tuition reimbursement and/or challenge grant; (5) Paid vacation & personal leave of absence; (6) Employee discount program; (7) Public transit subsidy; (8) Employee referral bonuses; and, (9) Relocation support. Figure 2 talks about each of these benefits in more detail.

Annual incentive plan	The annual incentive plan is based on reaching individual, both department and company goals. Incentive targets depend upon pay grade with all employees being eligible for the annual incentive plan.
Retirement and profit sharing	401K with Gear Guru guaranteeing a contribution of 5% with eligible discretionary funding up to an extra 10% depending on company profitability. No employee contribution necessary.
Healthcare: health, life & disability plans	Flex plan available to all Full and part-time employees averaging 20 hours or more per a week. For purchase, additional plans such as, vision, dental and long-term care can be acquired.
Tuition reimbursement	Financial support given to employee for the purpose of attaining higher education. The course of study could be aimed at growth in a current job or a possible change of career with in Gear Guru.
Challenge grant	Grant Provided as an opportunity for employee to achieve a personal outdoor challenge or goal. (i.e. 100 mile bike ride, hike the Grand Canyon, climb K2)
Paid vacation	Earned time off encourages rejuvenation of body and spirits. Each employee can earn up to 12 paid days a year of personal vacation time and 8 days of sick leave with an additional 8 days of paid holiday leave.
Personal leave of absence	Employees can request up to 12 weeks of un-paid leave a year. With manager approval, a leave can be used to pursue any personal interest including volunteering, traveling the globe or going back to school.
Employee discount program	Gear Guru employees receive 50% discounts on all Gear Guru brand items, free gear rentals for personal use from any Gear guru store, 30% discount off vendor merchandise and 10% off sale items. Select vendors may also provide prodeal options through Gear Guru for employees.
Public transit subsidy	50 percent subsidy for using public transit methods.
Employee referral bonuses	Refer someone to Gear Guru and if they are hired receive a \$100-\$2,000 bonus.
Relocation support	Financial assistance to full-time employees who move more than 50 miles to fill a job position.

Figure 2: Benefits & Incentives Explained

Providing ethical leadership to people goes far beyond employees. However, ethical leadership to stakeholders beyond the company first starts with establishing a culture of social responsibility and ethics within the organization. A happy employee equals happy customer. It is also important to continually train employees in ethical approaches and social responsibility. Figure 3 offers ten ways a Gear Guru can continue to build an ethical and socially responsible company.

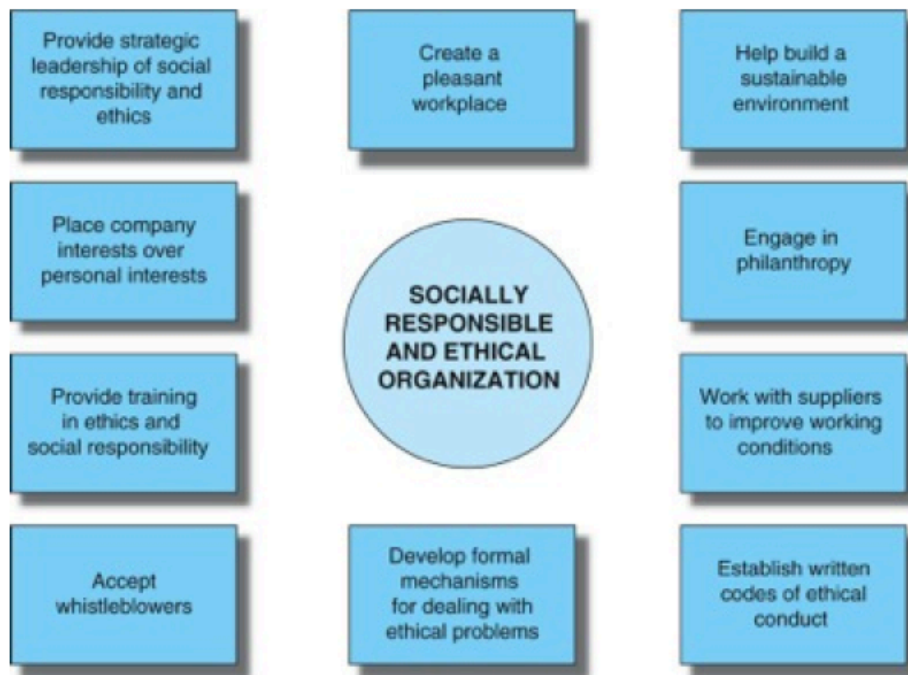


Figure 3: Socially Responsible & Ethical Organization (DuBrin, 2013).

Organizational Viability

Viability and sustainability go hand in hand with Gear Guru's goal to inspire, teach and outfit people for a life of outdoor adventure and stewardship. As an outfitter for outdoor activities active living forests are imperative to future growth and success to the company. Therefore, it is only natural that Gear Guru would want to pursue a near paperless structure. Going paperless involves three main aspects, reducing direct paper mail, boosting catalog efficiency and redesigning product packaging. Figure 4 provides some ideas on how to begin a paperless strategy.

Reduce Direct Mail	Reduce direct mail pieces in favor of electronic communications and digital marketing efforts. Email is an efficient and effective marketing stream. Inviting customers to join our online community through email can greatly increase sales and reduce printing, paper and postage costs of the direct mail services.
Boost Catalog Efficiency	Boost efficiency of catalogs and printed materials by: comprehensively scrubbing the mailing list and by offering opt-out programs.
Redesign Packaging	Redesign packaging of Gear Guru brand clothing and gear to minimize the amount of paper it contains. For example, Gear Guru's polyester t-shirts are boxed individually and then put into a larger box for delivery to our retail locations. These t-shirts are often taken out of their box for display purposes. Instead of packaging each t-shirt individually a large cardboard separator could be used to keep the polyester t-shirts organized in the larger shipping box and thus eliminate the unnecessary packaging and cost.

Figure 4: Beginning Paperless Strategy

Increasing Gear Guru's use of green energy options also provides to its viability. Not only does save the in company money due to smaller utility costs but it also sustains the environment to the use of outdoor recreation and enjoyment. Figure 1 provides multiple ways that Gear Guru can move towards more green power alternatives including: skylights, wind and solar power and high efficiency lights & HVAC systems.

Viability is not just about finding options that save money. Viability also means finding ways in which the company can create money. Social responsible companies are looking out for three tiers, people, environment and profit. By being socially responsible to the first two tiers the third tier is fulfilled. For example, by seeking to minimize waste and take care of each individual consumer's needs and wants in an ethical manner Gear Guru will find that they will be more profitable because of public popularity and customer loyalty plus retention.

Legal Regulations

It is always important to follow the law to the “T”. However, knowing all the laws can be difficult and demanding. With the creation of a new Internet site you may be wondering, “Do I need to collect sales tax over the Internet? Like all law it depends. The “dependent caveat” in this case is whether or not you have a physical presence within the state you are selling. For example, let's say your store front in Idaho has an online sale to a customer in Wyoming. Since you do not have a store, office, warehouse or any physical location in Wyoming you will not need to collect sales tax. However, if you sell online to a consumer in Idaho you will need to collect sales tax.

The “rule is based on a 1992 Supreme Court ruling (Quill v. North Dakota, 504 U.S. 298, (1992)) in which the justices ruled that states cannot require mail-order businesses, and by extension, online retailers to collect sales tax unless they have a physical presence in the state. The Court reasoned that forcing sellers to comply with over 7,500 tax jurisdictions was too complex for sellers to manage, and would put a strain on interstate commerce” (Small Business Administration, 2013). The legal term for a physical presence is a “nexus”. Every state has its own particular laws defining what is and what is not nexus. There's a good chance if you have a store, warehouse or office within a state to which you are selling online products you will need to collect sales tax. It is important also to keep in mind that not all states have sales tax. Therefore, you will not need to collect in those states even if you have a physical presence there. States that do not have a sales tax include: Alaska, Delaware, Hawaii and Montana, New Hampshire and Oregon.

While trying to go green is great for business it is important to understand the green marketing regulations so you do not get in trouble with the law. The Federal Trade Commission (FTC) prohibits “deceptive acts or practices in advertising, labeling, product inserts, catalogs, and sales presentations. These apply to marketing and advertising of green products” (Small Business Administration, 2013). If environmental claims are being made through advertising, marketing or product labels Gear Guru must ensure all claims are true. For example, if a health bar is advertised in the storefront as being all natural and organic the health bar must meet the all-natural and organic food regulations/standards. If it found that it is not fully organic Gear Guru could be held legally responsible for deceptive acts or practices. The rule of thumb here is if Gear Guru decides to promote “Green” products or services, be acutely aware with the industry standards and regulations of those products and services. Always check to see if your product or service meets the requirements before advertising and marketing begins.

An Ethical leader always promotes obedience to laws and regulations. One of the ways that a good manager can be caught off guard and receive a complaint is by not having a firm foundation of employment and labor law. Figure 5 below presents some of the employment and labor laws of which you should be aware.

Laws & Regulations	
The Family and Medical Leave Act	Administered by the Wage and Hour Division, the Family and Medical Leave Act (FMLA) requires employers of 50 or more employees to give up to 12 weeks of unpaid, job-protected leave to eligible employees for the birth or adoption of a child or for the serious illness of the employee or a spouse, child or parent.
Employee Protection	Most labor and public safety laws and many environmental laws mandate whistleblower protections for employees who complain about violations of the law by their employers. Remedies can include job reinstatement and payment of back wages. OSHA enforces the whistleblower protections in most laws.
Workplace Safety & Health	The Occupational Safety and Health (OSH) Act is administered by the Occupational Safety and Health Administration (OSHA). Safety and health conditions in most private industries are regulated by OSHA or OSHA-approved state programs, which also cover public sector employers. Employers covered by the OSH Act must comply with the regulations and the safety and health standards promulgated by OSHA. Employers also have a general duty under the OSH Act to provide their employees with work and a workplace free from recognized, serious hazards. OSHA enforces the Act through workplace inspections and investigations. Compliance assistance and other cooperative programs are also available.
Wages & Hours	<p>The Fair Labor Standards Act (FLSA) prescribes standards for wages and overtime pay, which affect most private and public employment. The act is administered by the Wage and Hour Division. It requires employers to pay covered employees who are not otherwise exempt at least the federal minimum wage and overtime pay of one-and-one-half-times the regular rate of pay.</p> <p>The Act applies to enterprises with employees who engage in interstate commerce, produce goods for interstate commerce, or handle, sell, or work on goods or materials that have been moved in or produced for interstate commerce. For most firms, a test of not less than \$500,000 in annual dollar volume of business applies (i.e., the Act does not cover enterprises with less than this amount of business).</p>

Figure 5: Laws and Regulations (United States Department of Labor, 2013)

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