

BEST PRACTICES OF SMEs IN COMMERCE

BRUSSELS, JULY 2007

Retail, wholesale, and international trading companies have a long tradition of initiating, developing, and integrating responsible practices, in co-operation with their stakeholders.

Corporate social responsibility (CSR) initiatives in commerce range from human rights protection, to health and safety policy, responding to consumer demands and sustainable development. The variety of initiatives is illustrated below through some company practices. The list is not exhaustive.

Small and medium-sized enterprises are a fundamental part of the growth and jobs equation: the European Union counts 24 million SMEs, of which 6 million operate in the commerce sector.

CSR is not new for SMEs. It is less formal and more intuitive than in larger companies, but it is not less meaningful. It is all about giving a positive contribution to society.

Best practices of SMEs

➔ Training of employees

- **Indiska Magasinet (Indiska)** is a Swedish company positioned as the different, India- and orient inspired clothes and home-style chain-store in Sweden. With 600 employees, Indiska is slightly larger than the SME definition but their CSR practices are very illustrative. The whole company philosophy is built around respect and social engagement both within the



company and with their suppliers. A CSR Manager was appointed and carries out audits and trainings with suppliers.

➔ **Training the trainer**

- The Austrian Economic Chamber developed, together with respACT Austria, a CSR Toolbox for SMEs. The tool gives concrete ideas on how to implement CSR within companies and includes:
 - a letter - with a best-practise example to get companies interested
 - a CSR guide
 - a self-test - to evaluate their status quo
 - a best-practices database
 - a "Do it yourself" guide – simple guide to implementing the main features of CSR

Thanks to the cooperation with the Austrian Federal Chamber of Commerce, the tool box is distributed to about 150.000 companies – which is about half of all Austrian companies. In order to use the language of the companies the tool box is streamlined for the special requirements of companies in 10 business sectors.

➔ **Supporting a good cause:**

- ***Indiska's engagement in Peace Trust: For many years,*** Indiska Magasinet has been supporting several social projects in India through an organisation, the Peace Trust. The support is both financial and knowledge-based. Different projects aim to help schools, professional schools, women groups and student houses for girls. In particular, Indiska Magasinet is working for the abolishment of child-labour. As a clothing-company their focus lies in abolishing the worst cases of child-labour within the textile industry, especially in the weaving industry.

Since 1996 they have sponsored a school project for former child workers in the area of Dindigul.

This area was originally a farming area. Following bad crops, farmers had to convert their activities, leading to the establishment of many weaving companies.

The factories in Dindigul are very dependent on their sales to the factories in Tiripur, which makes them very vulnerable and obliges them to keep prices and costs down, in particular through the use of cheap labour, including child labour.

Thanks to this school-project, 100 former child-workers got their schooling sponsored and their families received economic compensation, free school uniforms and free food.

- ***Brieftaube**, an Austrian SME, financed the purchase of a "ball-bath" for disabled children. Since 8 years, they have organised Christmas carols at local level. Donations go to a cancer fund for children.*

➔ **Supporting local communities:**

The examples of Budgens stores:

Budgens believes the best people to run neighbourhood stores are independent retailers with a real interest in their local community.

Budgens is committed to giving smaller specialist producers a wider commercial platform to reach the public. The company sources UK-produced fruit and vegetables wherever possible and its own label fresh meat is 100% British.

- ***Sanjiv & Pritti Shah's Budgens** (Enfield, North London):* In November 2006, the Mayor of Enfield opened a new Budgens store independently owned by a local businessman and his wife.

The new store encompasses the long standing post office, which was set for closure, a coffee shop, a traditional Budgens convenience store as well as other services including e-top up, cash dispenser, national lottery, and photo booth.



Mr and Mrs Shah are particularly dedicated to preserving the heritage and high standards of the established post office and Bureau de Change. The new store has created 26 jobs for local staff, including 16 working in the post office.

Sanjiv and his family feel very strongly about retaining the traditions of the community as well as enhancing it with their new store.

- **Warner's Budgens** (Broadway, Worcestershire): Warner's Budgens opened in April 2006. It provides a vital service for the residents of Broadway and surrounding villages by fulfilling all their food shopping needs. Its customers are a mix of local village residents from all demographic groups, plus seasonal shoppers – tourists – mainly during the summer season.

Primarily, the role of a convenience store is to meet the needs of its local community. Local customers do not have to drive miles to do their shopping. A full supermarket offer of all the everyday items is provided together with a good choice of organic products. Products are listed from over eighty local suppliers, which contribute to the strength and economic well-being of the local community.

Guy Warner and his family have lived in the area for decades, while most of the store team are from Broadway. It is because of this local knowledge that they are sensitive to the concerns and priorities of the village community. Prior to opening the store the community was invited to come and meet the store team, to ask questions, try some of the locally sourced products and meet the suppliers. This gave the team the opportunity to communicate the fact that they are an independent business with the well-being of the village at heart.

As a result, Warner's Budgens have strong contacts within the Broadway community and the following are some examples of the ways in which they support village life and its activities:



- The team at Warner's Budgens has adopted its local primary school, giving the school long-term support. The school children and teachers helped to open the store and an excellent two-way, on-going relationship has been established. Warners' Budgens has bought their school football kits. Packed lunches for school trips are provided, as are wine and food for parent/teacher meetings.
 - Warner's Budgens sponsors the Broadway Community Newsletter.
 - A donation has been made to the Broadway Museum.
 - Wine and refreshments are donated for a number of organisations including the local football club, and Broadway Choral Society and for social events.
 - The Bowling Club's score card holders are sponsored.
 - The shop pays for the cleaning of the public square outside the store.
 - Products to a community store in one of the outlying villages are supplied and delivered.
 - A fully fledged home delivery service is offered and there is also a dedicated member of staff to wheel trolleys to customers' cars and unload their shopping.
- **Jonathan James' Budgens** (Ely, Chatteris and Soham, Cambridgeshire): As owner of 2 Budgens forecourts and 1 Budgens store, Jonathan James organises a number of initiatives for the benefit of the local communities. For example:
- Lady Drivers' Safety Evening: these take place twice a year and have proved very popular. A local mechanic provides instruction on for example checking water and oil levels and tyre pressure and a police officer gives advice on security and safety for example what to do in the event of breaking down alone.
 - Attended Service: every Thursday morning, Jonathan runs an attended service for elderly and disabled drivers whereby they get for example their oil and water levels and tyre pressures checked. They can also use the car wash for half price.



- Dog Wash and Maggot Dispenser: Jonathan has installed an £11,000 dog wash and a maggot dispenser in Chatteris which caters for the needs of the local fishermen.
 - Local Produce: the Ely store is the only local stockist of the wine produced from a local vineyard. Jonathan also offers a platform for local suppliers to sample their products at his stores.
 - Soham: Jonathan has put in place a number of activities for the community, for example the establishment of a 'community panel' which meets every two months to advise him on what products they would like him to stock. In return, he gives the panel £1,000 to be distributed to local community projects and groups. In addition he allows a grassy area in the store's car park to be used by community groups for events.
 - Sponsorship: Jonathan sponsors four local under 16 football teams in addition to the local cricket team.
 - Campaign Support: Jonathan has always been an active supporter of the My Shop is Your Shop campaign to support independent retailers and British Food Fortnight, organising events in his stores and spending time talking to local media.
- **Mark Richardson's Budgens, (Newent Gloucestershire):**
- Work in the community: Mark has integrated himself deeply into his local community since he took over the store in November 2005. He frequently works with local schools and youth groups (for example cubs and brownies) running competitions and activities and organising store visits.
 - Local Produce: Mark has products from 22 local suppliers, 14 of which are local farmers. He regularly invites his suppliers to come and introduce their wares to the community.
 - Sponsorship: Mark undertakes a great deal of sponsorship within his local community, for example:
 - The Newent Onion Fair, the village's biggest annual event, attracting 12,000 from surrounding areas.

- The Newent dial-a-ride and the Newent Shuttle – both providing transport services for the elderly from within and just outside the village.
- A youth 'chillout zone' in Newent offering activities, including computing and sports, for local youths.
- The shirts of the Newent Comprehensive football team.
- Clifford's Mesne market, a local trade market that takes place every month showcasing local producers.
- The Newent Christmas lights celebration. He also gave over his car park to parts of the festivities.
- Newent In Bloom.

Mark is also a great supporter of the Newent regeneration scheme.

His work in the community was recently recognised when he was nominated Community Retailer of the Year in the Forest of Dean Retail Awards. The Awards are run annually and their aim is to reward shops which do more for their customers than just take their cash.

- **Tej Daffu's Budgens:** (Mitcham Road, Tooting): Young independent retailer, Tej Daffu has won a prestigious retail industry award for his Budgens store. The annual Asian Trader Awards set out to reward the very best of Britain's Asian food retailers. At the 2007 event Tej won the award for Asian Trader Newcomer of the Year. The Award recognises a new business that has made an impact quickly, but is also here to stay.

He plays a role in the local community, for example, offering free delivery to his elderly customers and supporting his local homeless charity.

➔ **Managing work-life balance and increasing the quality of employment**

- **Knudensig:** a small family owned wholesale company of 25 employees in Denmark decided to change from the traditional company structure after a fire destroyed the whole company.



The owner redesigned the company building and the managing structure in a new way, taking into account the needs of his ca. 25 workforce. The underlying message was that being socially responsible goes hand in hand with business success and profitability. Customers want to know how the company is managed and the visibility from these practices is a competitive strength in the market.

Creating an environment of dialogue with workers with open and transparent structures where employees are “happy working to be successful” is crucial. For a small company it is vital to create a physical and psychological work environment “that motivates and satisfies” the workers, since small companies are more vulnerable to absenteeism. Among the initiatives to support the workforce, the company offers distant working possibilities, provides free legal service and offers childcare facilities.

➔ **Projects - awards**

- **“Care & Profit Prize”**, national award for Responsible Entrepreneurs (the Netherlands): In 2006, the company “Paques” won this award. This company provides industrial installations for water and gas purification, making use of innovative biotechnology. Paques does not only pay attention to profit and the environment, but also to staff and stakeholders. Paques received the award because they offer a combination of economical and ecological progress to their customers.

- **Project CSR-SC (corporate social responsibility-social commitment) - Italy**

This project started in 2002, with the support of the Labour and Welfare Ministry, and originates in the growing commitment of the international community to implement ethical and eco-compatible behaviour in companies. Italy herewith responds to the request of the EU Commission to define and implement actions and strategies aimed to the promotion of CSR practices at company level.



The main characteristic of this project is the particular attention devoted to the small and medium sized companies, which are a fundamental element of the Italian economy.

Main objectives of the project:

- Promote and disseminate the CSR culture in the national economic system
- Guarantee citizens that CSR is effective
- Support SMEs in implementing CSR strategies
- Disseminate the use of the Social Statement developed by the Labour and Welfare Ministry (indicators to be used by the companies to assess the performances in the field of CSR)
- Encourage the exchange of experiences between the various countries to target and spread the best practices at international level.

○ **Prize “city of Rovigo”, Italy**

The national prize “City of Rovigo” (region of Venice, northern Italy) was launched at the end of 2004. It is based on the CSR-SC project of the Ministry of Labour and Welfare and foresees the compilation of the Social Statement (analytical form and set of indicators).

The participation is free of charge and is open to SMEs, local bodies and public administrations which are committed to develop CSR initiatives on a voluntary basis.

This initiative is aimed to stimulate companies to follow a socially responsible behaviour according to the logic of sustainable development, thus favouring a modern company culture where social responsibility is regarded as a factor of competitiveness and efficiency.

In July 2005, a similar event took place in Maranello, with the presentation of a compendium containing approximately 40 good practices regarding companies of various sectors.

- **First edition of the prize for socially responsible associations**

Confcommercio promoted this prize in the framework of a Forum (March 2007) to show its commitment to reach the objectives of development and equity.

The winners were the Association of Commerce, Tourism and Services of Palermo, the Association of Commerce, Services Tourism and Free professions of Pordenone (North-East) and Confcommercio Reggio Calabria (South).

Some examples of good practices include:

- Foppa Pedretti (production and commerce of furniture, Northern Italy): integration of staff with disabilities; modern equipment, organisation of information days for students on employment possibilities, promotion of energy efficiency.
- Gruppo Mercurio (food distribution, Central Italy) - more practical working clothes for the staff, relooking sessions for women employees (make-up and hairdressing), participation of employees in the company objectives (benefits), orientation and access to employment for young people, support to charity and humanitarian projects (research against cancer, pediatric hospitals, Médecins sans Frontières, etc.).
- Solas (production and commerce of paintings) - training courses on the products for the customers, providing lists with the raw materials used, organisation of artistic activities for the staff (music and drawing lessons, role play), flexible working arrangements, ecologic packaging of products.
- Association of shopkeepers (City of Arezzo, Tuscany) - Creation of a company day nursery for 20 children between 12 and 36 months of age. The Association pays 500 euros per child to cover the services and the structure management.
- Union of Commerce and Services of Bolzano (North-East) – Project “Eco labeling” – competition with prizes with questions on organic, regional and fair trade products.

- Confcommercio – Welfare sector – participation in a publication on socially responsible investments.
- Commerce association of Bologna: free service of shuttle busses for customers in order to overcome problems caused by the closure of the historic centre to traffic. The objective is to avoid the progressive perishing of the commercial zone and to limit, at the same time, the environmental impact.
- Confturismo: price “Golden Panda” – national competition to valorize environment-friendly products and initiatives. This contest has been launched by WWF Italy and was aiming at rewarding people working for the protection of the natural and cultural heritage in the interested regions, management of the tourist flow in protected areas, the reuse of existing bodies according to ecological criteria, incentives to public transports, the involvement of local communities in the management of tourist activities.
- Fipe (Italian federation of shops, restaurants and bars): organisation of a campaign “week against cholesterol”, implemented by distribution in bars, shops and restaurants of a coupon allowing to carry out free laboratory analyses in structures of the Confcommercio system.
- Confcommercio: signature of an agreement for environmental certification with the Ministry of Environment aimed to favour SMEs in the implementation of eco-assessment according to the ISO 14000 standard.
- Association of Women in the Commerce and Services sectors: a mentoring project aimed to favour co-operation between young and experienced women entrepreneurs so as to create a successful orientation scheme based on a close professional contact between the two profiles.
- Commerce Association of Pordenone (North-East): construction of 450 platforms against architectural bareers.

- **Training and lifelong learning: interprofessional funds for training**

Confcommercio, together with other business organisations and in co-operation with trade unions, settled two interprofessional funds for lifelong learning, called FOR;TE and FON.DIR, aimed to finance training initiatives in favour of employees and managers of the commerce, credit, insurance, transport and logistic sectors.

Resorting to the lifelong learning funds is of strategic importance for companies, since it allows addressing professional resources through efficient and innovative paths of growth without supporting additional costs.

Through these mechanisms it is also possible to fund training courses on corporate social responsibility, and therefore on the respect of environment and on the implementation of the so-called "ethical assessment".

The challenge for SMEs is big but benefits of CSR practices are even bigger. CSR contributes to the positive evolution of European businesses in a way that enhances Europe's competitiveness and its ability to deliver sustainable development and a better quality life for the community.