

e-Management Digest

A collection of management articles for the aspiring managers

June 2006

This Management Digest is prepared for the aspiring managers as an update to what they already know. This newsletter is sent monthly to delegates following courses provided through Consort Management Consultants Ltd. and to members of the Hong Kong Institute of Marketing. It is also posted on the Hong Kong page of the Institute of Administrative Management website.

CAUSE-RELATED MARKETING

Market Sharing – Charitably

Today, many businesses and charities are linking up with each other to reach consumers who can be customers and donors at the same time. Cause-related marketing campaigns were the province of retailers, but now more and more of these are used in the link-up between big marketers and charities.

It is easy to find charity campaigns in supermarkets in America and Europe – buy a packet of crisps or breakfast cereals and the company will donate to a relief fund or charity trust. According to a Business in the Community survey, £58 million was raised for charities in the UK in 2003. Why have big businesses suddenly come over all benevolent?

The surge of interest has been partly driven by the consumers themselves. Research has shown that they actively want businesses to be more accountable and to give something back to society. They also like the idea that these charity hook-ups provide them with an easy, no-fuss way to donate to good causes.

Businesses have been quick to realize that showing a conscience can give them competitive edge – especially at a time when it is becoming more and more difficult to compete on price and quality.

70% of chief executives who took part in a recent poll said that corporate social responsibility (CSR) rank high on their agenda. More marketing directors believe cause-related marketing could enhance corporate or brand reputations and said they now regarded it as an integral part of the marketing mix.

Indeed, there is clear evidence to show that these kinds of initiatives do more than just give people a nice warm feeling. Nearly half of the consumers taking part in cause-related programmes either buy more products or services, try new ones or switch brands. It seems that in today's increasingly competitive marketplace, he who cares, wins.

Cause-related marketing is not, however, a field to be entered into lightly. It is not just about handing money to your favourite charity and then enjoying the honour. For it to work, it has to be a long-term relationship, not a one-night stand.

“It is about making a true, sincere commitment where both parties really understand each other's needs and expectations,” says Chris Holmes of Business in the Community. “It is an opportunity for each partner to access new audiences, share knowledge and best practice and learn about how others solve their problems.”

So how do organisations go about finding a charity partner?



“Affinity” is the word to keep in mind. There has to be a clear link between the company and the charity, so that consumers and employees can see clearly why both parties have chosen to join forces. There needs to be brand synergy between what the partners are already offering to the society.

The common factor between Debenhams (a large department store in the UK) and the Breast Cancer Care is in femininity – the retailer has a large feminine clientele and female staff force.



How about linking your electric heaters with global warming?’

If a relationship is to be successful, it needs to be carefully managed. According to Business in the Community, the foundations of a good relationship are integrity, transparency, sincerity and respect. “These are the core things that underline any successful partnership,” says Chris Holmes. It should also be a mutually beneficial partnership where no one party is more important than the other – and there is equality in terms of exposure and impact.”

Business in the Community also advises that companies need to enter into a formal agreement with their charity partners so that both sides are clear about the responsibilities and liabilities. The exact scope and nature of the project should be clearly defined, and a process put in place for managing and monitoring activities.

Going public and telling staff, customers and suppliers about what you are doing in a clear, consistent way is also vital. But Chris Holmes advises companies to put their cause related marketing programmes to the ‘media test’, before they start shouting from the rooftops.

“Put yourself into the mindset of the worst journalist you can imagine and think about the questions they would ask you,” he says. “If you are having difficulty answering them with honesty and transparency, then you need to rethink.”

The growing number of high profile, successful initiatives – coupled with the wealth of guidance and advice now available – has encouraged companies from all sectors to jump onto the charity bandwagon. Health-related causes are the most popular partnership, followed by children’s charities and educational causes. Retail continues to be the top fund-raising sector, followed by food and drug manufacturers, media and entertainment and the automobile industry.

The number of SMEs pitching in is also rising steadily; with smaller business contributing over half a million pounds to the total amount raised.

(Adapted from Professional Manager, May 2005)

CSR in Hong Kong

Modern business management philosophy is looking beyond absolute financial returns to their stakeholders. A successful, well-respected organization nowadays should not only be committed to its shareholders, but also to its customers, suppliers, employees and the community, as well as creating community initiatives designed to make life better for people from all walks of life.

Taking a proactive approach to CSR has become crucial to business success and strong performance in the stock market.

Supporters of CSR insist that a business should extend its responsibilities beyond the legal and regulatory framework to matters such as protecting the environment, assuring worker safety, and providing a sustainable development for the community where it operates.

Hong Kong businesses are increasingly aware of taking CSR to help the society from which they gain their profits. In a bid to enhance the awareness of CSR, HSBC has set up a 'HSBC Living Business' award to promote to SMEs that, while being profitable and productive, they should practice a business that is socially and environmentally responsible. The aim is to promote good practices for the good of the environment, the workplace and the community. Good practices are not just about conserving resources, but also about governance, or ethics.

The award, supported by the Business Environment Council and the Hong Kong Council of Social Services, makes awards for outstanding contribution to the environment

and community. Further information about this award can be found from the hyperlink: www.hsbc.com.hk/hk/commercial/livingbusiness/default.htm.



INTERNET

Who's in Control?

Traditional commercial transactions are controlled by a comprehensive system of laws which has been developed over centuries.

The Internet sprung into existence with a short history of only a few decades. Law makers have yet to catch up with its high speed of proliferation over a multiplicity of communication channels so much so that although there are international agreements to regulate use of the Internet for international trade and consumer purchases, there are not sufficient up-to-date laws to control its proper use. As a result of the fast development, there is no standard approach towards controlling Internet communications. Generally control is focused on the ISP or the broadcaster, to prevent infringement of privacy and to censor contents broadcasted.

There are many legal issues arising from personal use of the Internet, let alone using it for business transactions. Present laws are inadequate and e-commerce users' confidence has been held back. Conventional

legal principles referring to contracts, property rights and so on must be adapted to a new world where the speed of communication is measured in split seconds, the communicating parties are transparent to each other and the territorial boundaries are unclear.

One of the main difficulties in enforcing Internet laws is *jurisdiction*. Parties communicating through the Internet can come from many different countries around the world. In case of an international dispute, the first issue to be addressed must be about which country's laws should be applied.

The problem of jurisdiction can happen to any kind of crimes and disputes. Cases can arise out of virus and hacking, commercial disputes, trademark and patent infringements, tax evasion, etc, etc. Different countries have taken different approaches to regulating, for example, the materials that can or cannot be distributed through the Internet. Some countries treat this as a telecommunication matter and the Internet is regulated under telecommunication laws. Others consider the Internet as a broadcasting medium, so the control comes from the Broadcasting laws.

There is another issue as far as jurisdiction is concerned. The Internet disseminates information to the world. It was said that *'The Internet has turned anyone with a modem into a global publisher'*.

Under the present legal systems, it would be extremely difficult for an aggrieved person or company to sue on defamation if the spread of defamatory materials covers more than one jurisdiction, namely, if they were:

- Resided in a country not the same as the aggrieved person's,
- Were posted on a web site located in a third country,
- Published through an ISP in a fourth country, and
- Published in an anonymous or fictitious name.

Next month, we will look at some specific issues the Internet businessmen had to be concerned about.

(Horace Wong
Consort Management Consultants Ltd)

ENGLISH

Words Worth

WRONG	RIGHT
<ul style="list-style-type: none"> × As soon as I arrived at home, I knew that something was wrong. × I read the magazine when I returned to my home. 	<ul style="list-style-type: none"> ✓ As soon as I arrived home, I knew that something was wrong. ✓ I read the magazine when I returned home.
<i>Arrive at/return to/go to someone's house ... but arrive/return/go home.</i>	
<ul style="list-style-type: none"> × Although I was frightened, but I couldn't scream. 	<ul style="list-style-type: none"> ✓ Although I was frightened, I couldn't scream.
<i>'Although' is not usually followed by 'but'.</i>	
<ul style="list-style-type: none"> × Even although he couldn't swim, ... 	<ul style="list-style-type: none"> ✓ Even though he couldn't swim ...
<i>'Even' is used here to give emphasis. 'Even' is followed by 'though', not 'although'.</i>	
<ul style="list-style-type: none"> × We have a lot of snow at wintertime. 	<ul style="list-style-type: none"> ✓ We have a lot of snow in winter/wintertime.
<i>'At' is not used with seasons, months and years.</i>	
<ul style="list-style-type: none"> × I will go out at about one hour later. 	<ul style="list-style-type: none"> ✓ I will go out in about an hour.
<i>Two mistakes here for using 'At':</i> <ul style="list-style-type: none"> ▪ To tell the time, we use 'at' or 'on' – 'at 1 pm', 'on Tuesday'. To describe a period of time, we say 'in' – 'in two days', 'in a year'. ▪ 'At' is not used with 'later', 'before', 'afterwards' ... 	