

## SPECIAL REPORT BUSINESS IN THE COMMUNITY AWARDS

SMALL AND MEDIUM-SIZED ENTERPRISES

# Involvement with community is key

Clare Gascoigne finds the business case for social and corporate responsibility is different from company to company

What makes the difference between success and failure for a restaurant? Forget Gordon Ramsay-style makeovers; according to Kelvin Macdonald, owner and founder of Bankside restaurant in London, SE1, getting involved with the local community is key.

"One of our major differences is by being part of the community," he says. "I always wanted it to be a 'neighbourhood' restaurant, part of the community."

Bankside, winner of the Business in the Community's Impact on Society for a Small Company award, typifies the small business approach to corporate and social responsibility (CSR). If anyone needs the business case for taking CSR seriously, look at its success; hidden away in a back street, it relies on word of mouth yet does 1,500 covers a week, generating profit well above the national average, and is soon to open another branch across the River Thames in the City of London.

Community involvement is not the only way a small business can make a difference (nor the only way in which Bankside has approached CSR; it has also tackled waste, reducing the number of wheellie bins it fills from 12 to four a week).

GoodCorporation, a consultancy that verifies whether or not businesses of all sizes are matching up to a set CSR standard, has 65 practices on which a company can be judged, ranging from dealing with customer complaints to an assessment of environmental impact.

"A lot of people have never given these activities a CSR label and why should they?" says Leo Martin,

**'The business is creating a culture that treats people with care because it matters to the owner'**

director. "There's so much smoothness among big companies about small and medium-sized enterprises (SMEs), but what we see is very motivated people who are often really interested in corporate responsibility, and are running their business well."

Indeed, it has found that SMEs tend to be better corporate citizens than large listed companies. Of the 70 organisations it has verified since 2001, 84 per cent of the grades given to small organi-

sations were either merits or commendations, compared with only 70 per cent of grades given to large companies. The proportion of fail grades was significantly lower as well.

"When it comes to actual CSR performance, smaller seems to be more responsible," says Mr Martin. "The findings run counter to the common perception that large companies need to teach SMEs about CSR. But this is probably because large companies have far greater resources and manpower devoted to reporting on CSR."

David Grayson, chairman of the small business consortium, agrees. "This isn't a one-way street - big, international companies can get new insight from small firms," he says.

But there has been a problem of perception with SMEs. "A lot of businesses think it isn't worth starting unless they can do everything straight away. They believe it will just be extra time, cost and effort - an extra burden," says Mr Grayson.

Yet this is not the reality among SMEs that have become involved, according to a joint report from the Department of Trade and Industry and BITC. It found that barriers to involvement



Defying common perceptions: Smaller businesses, such as the Bankside restaurant, tend to be better corporate citizens than larger companies

Charlie Bbbby

were in the mind rather than reality. "There is clear feeling of bombardment and too many organisations overlapping in advice," it said.

BITC believes SMEs need to be approached in a different way, and has developed a toolkit to help SMEs tackle CSR bit by bit (available from [www.smallbusinessjournal.com](http://www.smallbusinessjournal.com)).

"We wanted to find easy and practical first steps for people to try," says Mr Grayson. "You can't use the same

language and arguments to convince small business owners as [you use] for large consortiums."

Many SMEs are already carrying out good corporate practices for good business reasons.

With a small company, treating customers and suppliers well is relatively more important than for a large organisation, for example. "For a lot of people, this is part of the way they want to run their business - part of

the reason they wanted to run a business," says Mr Grayson. "It's very much an extension of the personality of the founder."

Mr Martin agrees. "Small companies can be more flexible and can respond to the personal whether with customers or employees," he says.

"Often we find the business is creating a culture that treats people with reasonable care because it matters personally to the

owner." But Mr Grayson emphasises that there is no single business case for acting in this way. "There are 3.8m small businesses in this country and there's a whole range of different drivers."

For some, it may be that treating employees with care and consideration is a good way to cut absenteeism and encouraging staff prepared to go the extra mile for customers. For others, paying suppliers on time is good business sense, creating an

important sense of goodwill. Some SMEs enjoy the public recognition from community involvement, or revel in the enhanced reputation that comes from making energy savings. Good CSR is often good PR. Whatever the motivation, small businesses can get involved in a huge variety of ways.

The business case can be demonstrated: it is just a question of identifying where it would make a difference.