

CSRLive Commentary

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CSRwire Member Spotlight: Governance & Accountability Institute, Inc. an Interview with G&A CEO, Hank Boerner

By CSRwire Contributing Writer Francesca Rheannon

In the wake of the global financial crisis, ESG factor (Environmental/Energy, Social, and Governance) and Sustainability have become ever more important to asset owners' portfolios and therefore to investment professionals, corporate executives, and boards of directors. The Governance and Accountability Institute, Inc. helps leaders in the corporate, social/institutional and public sectors understand and address key and emerging issues in ESG and Sustainability.

The [G&A Institute](#) helps CEOs understand risk and identify potential tipping points that need to be managed before they go critical, and provide crisis management strategies in case an emergency develops. As such, it not only can advise on investment strategy but also assist companies in protecting their reputations - by advising them on how to do the right thing.

The activities of the Institute include identifying, monitoring and reporting on market players, ratings organizations and third party analytics providers. It has developed an array of technology-based tools to assist in its mission, including the newly upgraded [SustainabilityHQ](#)[™] -- formerly known as [INSIGHTS-edge](#)SM.

These tools are applied to such issues as marketing, general management, board stewardship, legal needs and litigation, human resources, public affairs, CSR, corporate communications, government relations, financial risk, and investor relations.

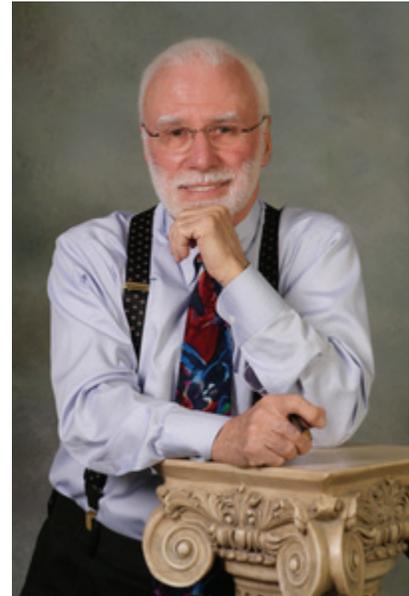
Institute CEO Hank Boerner is a long-term veteran of the corporate field. He spoke with CSRwire about the G&A Institute's perspective -- and on the lessons this perspective draws from some recent corporate crises.

CSRwire: We've just seen a huge example of corporate governance gone wrong with BP. What are your thoughts on BP's risk profile now?

Hank Boerner: For the past two years there were all kinds of buy signals. The new CEO was going to slash expenses, including, it appears, the backup plans for safety. They were unprepared for the magnitude of this crisis. If they are found criminally negligent, they could be barred from doing business with the U.S., including offshore rigs for seven years. BP has a huge project in Alaska. If a spill happens there, there will be tremendous consequences.

CSRwire: What tools do you have to help a company with crisis prevention or management?

Boerner: It's called CIMS -- Critical Information Management System. It's a crisis prevention or response tool, like having the right information for people to find out what's going on in real time. If BP had it, all the documentation for crisis response would have been in the system. Tony Hayward would have been able to go to his desktop in England and would have known what resources were available and how to use them.



CSRwire: What do you think of the recent financial reform bill passed by the Congress?

There are good things in the reform bill, like consumer protections, an oversight panel, the ability to intervene as a last resort. The government can tell a company, "Your risk profile poses too big a risk for the banking system." The key is enforcement, because George W. Bush continued the Clinton era deregulation, underfunding regulatory agencies, so there was no real oversight. Rules were in place that could have prevented the crisis, but they weren't enforced. The crisis showed us that industry self-regulation doesn't work.

I'm hopeful we're going to see good governance and good environmental management emerge in the US and overseas going forward. What's changing is the investment side, like the popularity of the [Dow Jones Sustainability Indexes](#). The pendulum is swinging toward the Sustainable and Responsible Investment side. Corporate management and boards are getting the message. For example, McDonald's has a Board of Directors committee for Sustainability; there's Walmart's comprehensive sustainability program; PepsiCo is doing a great job in India with water management; and Campbell Soup hired [Dave Stangis](#) as Vice President, overseeing Corporate Social Responsibility.

CSRwire: Corporations you've worked with have included Bayer, GM, Goodyear, and large banks, among others. What are some key issues you've faced in dealing with such large companies, and a corporate culture that may not match ESG guidelines in all departments?

Boerner: You have to drive ESG principles into the DNA of the company. And you have to have a sustainability champion at the top, like the Chairman, CEO or Board Committee. G&A, Inc walks companies through the territory: who should the company be talking to, who are the watchdogs, how to answer the questions and surveys, like those sent from Trucost. Look at your Trucost profile data and ranking; you may be making progress but not communicating it effectively. We research, monitor and do a straightforward report; we don't sugarcoat it. If they don't like it, they get rid of us [laughs]!

CSRwire: Talk about how a company should deal with stakeholders.

Boerner: The organizational culture usually reflects the intention and the desire to do the right thing (or not) for all of the stakeholders involved. Stakeholders include employees, shareowners, lenders, financial partners, business partners and alliances, regulators, suppliers, facility neighbors, customers and clients, competitors, government, and finally, society-at-large.

The great story was, after Katrina, the CEO of Walmart had an epiphany. He had brushed off criticism over the years about the treatment of immigrants and women employees but when he saw what the Associates did during Katrina -- they kept the stores open. They had lost their own homes but they continued to work and service customers. He had great awakening and brought people together, creating a Sustainability Consortium, and thereby profoundly changing all of retail. Once Walmart went green, 60,000 suppliers were pushed to go green. Walmart will determine shelf position and pricing by how sustainable the product is. This is huge! P&G has almost 20% of its sales through Walmart as one example of the impact on business.

The specific services G&A offers include original and third party research; global news monitoring and content coverage analysis; editorial and publishing services (in all media); third party programs (research, advice and engagement); and issues management advisory services.

You can access the SustainabilityHQ platform through the G&A homepage at www.ga-institute.com or directly through <http://www.sustainability-insights.com>. For more information on the G&A Institute, contact Hank Boerner, Chief Executive Officer, at 516-248-2383 ext 19 or email: hboerner@ga-institute.com.