# TheCaseSolutions.com New Balance and CSR

# New Balance and CSR

Shelby Brow, Evan Foster & Mary Gokanakonda

# TheCaseSolutions.com



## History

- New Balance was founded in Boston, MA in 1906 by William J. Riley
  - Initial product was arch supports
  - Designed first running shoe in 1925
  - In the 1940s, New Balance had expanded its product line and product features
- James and Anne Davis purchased New Balance in 1972 and have been the owners since
- Since then, the company has expanded into a global company with \$1.61 billion in sales and nearly 200 international footwear suppliers

# SWOT

- We will divide you into groups
- Each group member needs to write in each category at least once
- · Make sure that they are all different

## Responsible Leadership Steering Committee

- Headed by Katherine Shephard, social responsibility manager
- Aims to focus on overseas footwear suppliers and working conditions

#### Four Main Areas:

- Philanthropy and community investing
- Environmental sustainability
- Socially responsible compliance
- Product life cycle

# New Balance's CSR Benchmarks

#### 2008

- Priority issues were: Breast cancer and obesity
- Environmental: Improved energy efficiency and renewable energy in U.S. facilities by 30%
- No policy on restricted substance but were in compliance with REACH, continuous improvement and "eco score card" for footwear
- No annual CSR Report provided

What is CSR?

## What is CSR?

 Corporate Social Responsibility: the obligation of an organization to minimize negative impacts on communities, the environment and society as a whole while promoting an overall positive impact on society

Why is CSR important to global companies?

## Why is CSR Important to Global Companies?

- Helps safeguard and maintain brand reputation, improves brand awareness, and increases customer loyalty
- A 2008 survey by the BCCCC and the Reputation Institute showed that CSR was the second most important driver of reputation (Veleva, 2010)

## **Activity**

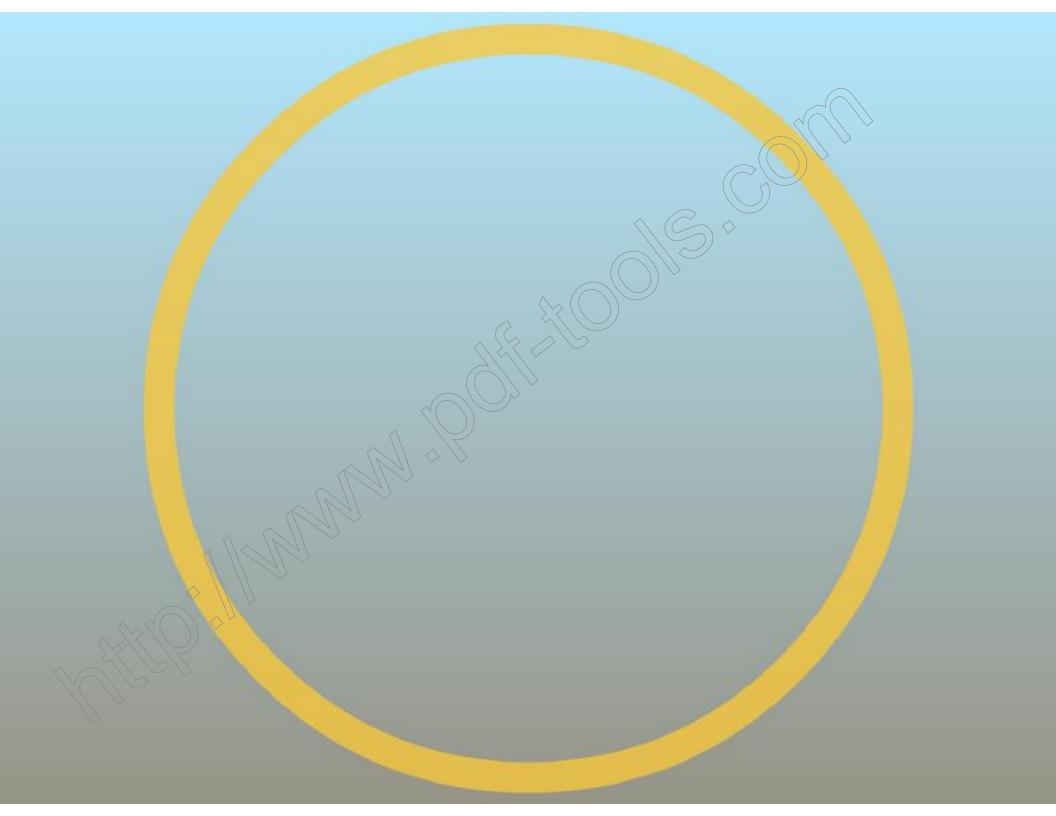
- Draw one piece of paper per group
- If you are in a Social Responsibility Manager Group, your goal is to:
  - Create and build an integrated CSR strategy for New Balance
  - Highlight strengths and weaknesses of current model in place
  - What are some challenges New Balance faces as a privately owned company?
- Provide recommended changes

### **Case Questions**

- 1. As a "Made in the USA" company, New Balance enjoys an advantage with some domestic consumers. Is this also an advantage in the international marketplace?
- 2. New Balance is privately held. Consequently, pursuing socially responsible practices, such as maintaining a local workforce and developing environmentally friendly products and production methods, which may take away from the company's bottom-line profit figures, draw less scrutiny than it would in a publically help company. Discuss how this feature might be an advantage to New Balance but also present some challenges in terms of transparency.

## **Case Questions**

- 3. What role should entitlings and enhancements play in the publicity sent out by New Balance?
- 4. If New Balance discovers one of its major competitors has become involved in greenwashing, how should the company's marketing managers respond.



# TheCaseSolutions.com



#### New Balance and CSR

Shelby Brow, Evan Foster & Mary Gokanakonda