

TheCaseSolutions.com



<http://www.pdf-tools.com>

New Balance and CSR

**Shelby Brow, Evan Foster &
Mary Gokanakonda**

TheCaseSolutions.com

SWOT

- We will make you the group
- Which group members needs to write in each category at least once
- Make sure that they are all different

History

- New Balance was founded in Boston, MA in 1890 by William B. Davis
- Their product was arch supports
- In 1926, New Balance was sold to John J. Danahy
- In the 1940s, New Balance had expanded its product line and product features
- In 1965, Danahy sold New Balance to Joseph and Anne Davis and founded New Balance in 1972 and have been the owners since
- Since then, the company has expanded into a global company with \$1.62 billion in sales and over 200 international footwear stores

Responsibility towards society

- Healthy lifestyle (exercise)
- Support of the community
- Social to focus on our customers
- Workers and working conditions

Five Main Areas:

- Philosophy of environmentalism
- Employee satisfaction
- Quality, sustainable production
- Product diversity

New Balance and CSR

Shelby Brow, Evan Foster & Mary Gokanakonda

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

<http://www.pdf-tools.com>

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)

<http://www.reputation.com>

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 held 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.

<http://www.pdf-tools.com>

TheCaseSolutions.com



New Balance and CSR

Shelby Brow, Evan Foster & Mary Gokanakonda