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New Balance “Made to Move” Campaign

Background

In 1906, William J. Riley founded New Balance when he began building arch supports to lessen the pain for those who spent all day on their feet. A waiter in Boston, Riley knew the importance of comfortable footwear. In 1925, he introduced his first running shoe, which was met with instant success and market opportunities.

With such success, the company expanded production and began manufacturing athletic shoes in multiple widths. In 1960, James Davis, an entrepreneur looking to invest in the high-growth market of leisure-time products, purchased the company for \$100,000.

Today, New Balance stands as a leading corporation in the ever-growing footwear industry. With five company-owned factories in the United States, New Balance remains the only global footwear manufacturer with production in the U.S.

As competing brands such as Nike, Reebok, and Timberland began moving footwear manufacturing to countries with lower labor costs, the importance of implementing Corporate Social Responsibility strategies increased. New Balance, however, had long been a company that valued corporate philanthropy, encouraged employee volunteering and ensured compliance in factories overseas that manufactured New Balance products. (4)

New Balance is best known for its “Endorsed by No One” campaign. Unlike many of its competitors, the company chooses not to spend money on endorsing celebrity athletes in its

advertisements. While they have relationships with professional athletes, New Balance maintains its policies by limiting resources and funds for those athletes.

Current CSR

PHILANTHROPY & COMMUNITY INVESTMENT

Currently, the company has three key areas that comprise their efforts towards corporate social responsibility (CSR). These areas include: *Invest in People*, *Environmental Initiatives* and, *Philanthropy & Community Investment*. The latter of the three is how New Balance encourages employees to practice CSR. By creating and supporting a culture of giving and volunteering, New Balance provides employees with opportunities to increase their participation in their communities during and outside of work hours. One specific example of this is New Balance's Community Connection program, which provides employees the flexibility to volunteer during company time year-round.

Another prime example of New Balance's *Philanthropy & Community Investment* campaign is the Dollars-For-Doers initiative. This program rewards employee volunteering by providing cash donations to the approved charities that the employees volunteer at. To add on to that program, New Balance started "corporate matching" donations to charities. In other words, New Balance will double an employee's donation towards an approved charity with up to \$500 per year for each employee. (2)

INVEST IN PEOPLE

New Balance seeks to create an environment that advances sustainable business and helps develop workers with integrity and self-esteem through its campaign to *Invest in People*. New Balance takes great care in promoting a company that understands both where its products are coming from, and bolsters a socially responsible work environment regardless of the location or continent. In 2004, New Balance created a Social Compliance Team and program that was implemented in China,

Vietnam, Hong Kong and the U.S. A code of Conduct is posted in appropriate language at all of our supplier factories and a featured workers' rights under law summary poster. (1)

Every year New Balance employees receive up to 24 hours of training because New Balance values their workforce as the backbone of the company. These development and learning programs are set into place to provide knowledge to employees to further the companies leadership competencies.

(1)

New Balances' employees have been the company's most prized assets since 1987 when the company was created. Associates were able to cross-train at that time and take responsibility for the shoe process assembly as a whole. The company rests on a workforce that is both respected and given the tools to grow. (1)

ENVIRONMENTAL INITIATIVES

New Balance's *Environmental Initiative* involves striving for zero waste and being conscious of impacts of both the production process and of the actual products. This environmental awareness and commitment to pursuing sustainable methods for products, facilities and operations are an extension of New Balance's core values. New Balance has set a goal for the future to create 100 percent recoverable products, free from toxic substances. (3)

To reach that goal, current environmental initiatives being pursued include a partnership with Dasani to raise awareness for the importance and benefits of recycling. Through this partnership, New Balance developed newSKY, a shoe with 95 percent of the upper portion consisting of recycled plastic bottles. The company also uses 100 percent recycled material for its shoeboxes and continues to pursue material minimizing of all packaging. Another example of New Balance's environmental initiative includes an establishment of the Chemical Review Board. This board reviews all chemicals considered

for use, to identify hazardous chemicals harmful to employees, consumers and the environment. The company then compiles a Restricted Substance List to monitor chemical use in all products, including those from licensees and suppliers. (3) New Balance has also had five consecutive years of decline in per pair energy use. Since the mid 2000's, New Balance domestic factories have achieved an energy savings of nearly nine percent per year. The majority of its universal waste is PCBs that were removed from decommissioned equipment.(10)

New Balance is not only interested in being sustainable in production of their products but also with conservation efforts of the communities that they serve. New Balance donates time and money in support of various community events, such as sponsoring snow removal along the Charles River in Boston, supporting the Maine Lakes Conservancy Institute, and the annual Spicket River clean up with Groundwork Lawrence. (3)

Situation Analysis

In today's market, consumers care more and more about how a company conducts its business and less about the actual product. New Balance has a strong, loyal customer base that appreciates how products are manufactured, marketed and sold. New Balance will conduct an assessment and provide recommendations for developing an aligned CSR strategy to the Responsible Leadership Steering Committee and senior leadership. This strategy will require full cooperation throughout the entire company. Employees in the corporate structure, retail industry and the production factories will be specifically targeted to represent New Balance and the new direction in CSR. New Balance will then assess, re-define and integrate its CSR strategy within the core business strategy.

New Balance suffers from a lack of true direction and leadership with CSR initiatives. The three

key concepts New Balance created lack company-wide definitions that empower employees to participate in the initiatives. Without proper communication between the hierarchies of the company, awareness about CSR cannot be measured and no progress can be evaluated. Addressing these issues is the main priority of this CSR overhaul New Balance is embarking on. (7)

Core Problem/Opportunity

New Balance struggles from a lack of direction in their CSR company-wide. Our opportunity is to establish New Balance as a socially responsible corporation while enhancing the three key CSR initiatives currently active within the company. (7)

Goal

The goal of our campaign is to assess, integrate and communicate a CSR strategy into New Balance's internal structure.

Primary Audiences

1. Internal New Balance U.S. corporate office

- Inclusive of all employees who work in PR, Advertising, upper level and lower level operations but not obtaining to retail or production. Our focus for the internal New Balance corporate structure is to increase volunteerism to illuminate New Balance's corporate responsibility and to increase job satisfaction. We will impact all employees in the internal corporate structure.

Primary Message: In order to increase corporate social responsibility and job satisfaction in all of New Balance's divisions, the internal corporate structure must be addressed in order to impact those they influence.

Secondary Message: As a New Balance employee, it is important to understand the company's values. With a more complete knowledge of the company's values and CSR strategy, employees will become stronger communicators, as well as a better reflection of what New Balance stands for.

2. U.S. Retail Employees

- Reaching retail employees includes all persons working in the New Balance stores around the U.S. stressing New Balance's environmental initiatives and community philanthropy. Retail employees serve an important role to the New Balance brand because they personally promote, sell and represent the New Balance name.

Primary Message: Increasing corporate social responsibility in New Balance's employees will lead to an increase in positive employee job satisfaction.

Secondary Message: As a New Balance employee, it is important to understand the company's values. With a more complete knowledge of the company's values and CSR strategy, employees will become stronger communicators, as well as a better reflection of what New Balance stands for.

3. U.S. Production Factory Employees

- Inclusive of all factory production workers in the United States. Our focus is to incorporate more Social Compliance Team members to establish an understanding of the companies efforts to create a safe and positive workplace and empower associates in being socially responsible. (1)

Primary Message: By educating employees on New Balance's sustainability efforts, New Balance will have a more well rounded and accepted CSR program.

Secondary message: As a New Balance employee, it is important to understand the company's values.

With a more complete knowledge of the company's values and CSR strategy, employees will become stronger communicators, as well as a better reflection of what New Balance stands for.

Intervening Audiences

-New Balance retail customers

Objectives, Strategies and Tactics

Objective one: Have 500 or more U.S. based New Balance employees participate in at least one aspect of volunteerism or “associate giving” by the end of the 18-month campaign.

Strategy: Introduce and re-ignite corporate volunteerism and associate giving within the New Balance company by creating wider awareness about programs that are already in place. This will include production factory employees, retail employees and corporate employees.

Tactics:

- Establish company-wide volunteer days instead of individual paid eight hour volunteer days. NB will schedule four company-wide volunteer dates held annually beginning with the first volunteer date, June 14, 2013. These days will be held on the second Friday of the month, every four months. Retail store locations, factories and corporate headquarters will be individually in charge of choosing their designated charity. All participating employees will wear official New Balance apparel at the specified charity. Charities must be pre-approved by retail store managers, factory supervisors and corporate HR representatives respectively.

- Influence 100 or more U.S. based company employees to participate in the Corporate Match Program. Each employee's donation will be matched up to \$500. The Social Compliance team will be giving presentations to members on Nov. 15, 2013 via Skype.
- Stimulate awareness about the Dollars-for-Doers program offered by New Balance by having in-person, one-to-one awareness days and presentations from members of the Social Compliance team on Nov. 22, 2013 via Skype.
- New Balance will pay up to \$60 per employee in entrance fees for company approved charity walks or runs that employees would like to participate in. Approved walks/runs include: Susan G. Komen, New York Road Runners, Livestrong Race for the Cure, Heart Walk- American Heart Association and Light the Night Walk.

Objective two: Raise awareness in retail and production employees about New Balance's Environmental Initiatives by 60 percent at the end of the 18-month CSR campaign.

Strategy: Highlight New Balance's environmental initiatives through interactive employee experiences across retail employees and production employees.

Tactics:

- Social Compliance team will hold a series of Skype presentations to pass knowledge of New Balance's environmental initiatives on to production and retail employees. These presentations will be given before retail shifts and production shifts weekly beginning December 1, 2013 through January 1, 2013.

- The Chemical Review Board will design an interactive orientation session for all current and new production employees to educate employees about Restrictive Substance program beginning December 2, 2014 through December 6, 2014. (2)
- Introduce newSKY shoe design contest for retail employees of New Balance. Retail employees will submit designs at the end of a month-long competition beginning at the end of the environmental initiatives presentations from January until February. Customers will vote for the winning shoe design at retail store locations. This competition will end on February 14, 2014 and the winning shoe will be announced April 22, 2014, coinciding on Earth Day. The winning design will be formally submitted as a newSKY shoe for production and in stores for sale by Summer 2014. (8)

Objective three: Increase the number of full-time U.S. based New Balance Social Compliance Team members to 10 in the United States.

Strategy: New Balance will hire eight new employees to join the U.S. New Balance Social Compliance Team by Oct. 1, 2013. The team will work to oversee production, working conditions, the code of conduct and ensure all New Balance employees are presented as reflections of New Balance's CSR environment. (1)

Tactics:

- Create internal job postings for full-time NB Social Compliance Team member position on July 1, 2013.

- Hire eight U.S. based NB Social Compliance Team members by Oct. 1, 2013.

Calendar: (See attached)

Confirmation Table: (See attached)

Budget:

		<u>Detail</u>	<u>Cost</u>	<u>Discounts</u>	<u>Final Cost</u>
<u>Objective 1</u>	Have 500 or more U.S. based NB employees participate in at least one aspect of volunteerism or “associate giving” by the end of the 18-month campaign.				
<u>Tactic</u>	Company wide Volunteer days	Provide t-shirts (11) for 500 workers	\$10,000		\$10,000
<u>Tactic</u>	Influence Corporate match program	100 participants at up to \$500.00 each	\$50,000		\$50,000
<u>Tactic</u>	Dollars-for-Dollars	Stimulate awareness about the Dollars-for-Dollars program	\$0.00		\$0.00

<u>Tactic</u>	Entrance Fees	New Balance will pay up to \$60 per employee in entrance fees for company approved charity walks or runs that employees would like to participate in.	\$84,000		\$84,000
<u>Objective 2</u>	Raise awareness in retail and production employees about New Balance Environmental Initiatives by 60 percent at the end of the 18-month CSR campaign.				
<u>Tactic</u>	Introduce newSKY shoe design contest	Starting at the end of the environmental initiatives presentations in January 2014. This competition will end	\$0.00		\$0.00

		February 14, 2014 and the winning shoe announced on Earth Day.			
<u>Tactic</u>	The Chemical Review Board will design an interactive orientation session	Rental Car needed to reach 5 production facilities in the United States. \$210 for car for the week (Enterprise.com) Lunch and gas for the week: \$500	\$710.00		\$710.00
<u>Tactic</u>	Social Compliance team presentations	These presentations will be given before retail shifts and production shifts weekly December 1, 2013-January 1, 2013	\$0.00		\$0.00
<u>Objective 3</u>	Increase the number of full-time U.S. based New Balance Social Compliance				

	Team members to 10 in U.S.				
<u>Tactic</u>	Create internal job postings for full-time NB Social Compliance Team member position	Internal job posting for full-time NB Social Compliance Team member position will be posted on July 1, 2013.	\$0.00		\$0.00
<u>Tactic</u>	Hire eight U.S. based NB Social Compliance Team members	Hire by Oct. 1, 2013	\$0.00		\$0.00
<u>Campaign Total</u>					\$144, 710.00

Evaluation:

Primary Audiences:

Objective one: Have 500 or more U.S. based NB employees participate in at least one aspect of volunteerism or “associate giving” by the end of the 18-month campaign.

Evaluate: By keeping records of the workforce’s volunteer hours, we will be able to determine the growth in volunteerism throughout the 18-month campaign by subtracting last year’s number of 500

employee volunteers from this year's employee volunteer total. (2)

Objective two: Raise awareness in retail and production employees about New Balance's Environmental Initiatives by 60 percent at the end of the 18-month CSR campaign.

Evaluate: We would evaluate retail and production employees knowledge about New Balance's environmental initiative by administering surveys to the retail and production employees before employees view the presentation in December and again after the presentation and interactive events in May to judge the increased awareness.

Objective three: Increase number of full-time U.S. based New Balance Social Compliance Team members to 10 in the United States by the 18-month CSR campaign.

Evaluate: Evaluating the New Balance Social Compliance Team presence would be done by counting the secured team members in the United States to see if we were able to accumulate 8 new members to total 10. After proper training is administered, a full assessment survey will be conducted for each of the new 8 members of the Social Compliance team. This assessment will target job specifications and duties, as well as how each member reflects New Balance's CSR values.

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