Social Responsibility, Ethics and Crisis Management

Marketing 21
Housekeeping

- Cell phones away, name cards out!
- **Quiz #1 today. There is no make-up for quizzes and exams**
  - Assignment 1 is posted. I will discuss it on
  - I am available for Office Hours
  - If I don’t have your Class Questionnaire I need it today.
- Your assignments will be written assignments
- Chapter 4 on Thursday
- We are going to be moving fast today. STOP me if anything is unclear!
Learning Objectives

- What is ethical and social responsibility?
- As a marketer what is my responsibility to behave ethically towards consumers?
- What are the basics of crisis management?
- Self-reflection: what are my own personal values and ethics?
The relationship between a consumer and a firm exists because of mutual expectations built on trust, good faith, and fair dealing in their interaction.

This is an implicit agreement and not often communicated explicitly.

Violations in trust can have significant impact:
- Promises of immigration reform from government
- Tiger Woods
- Volkswagen
Customers have Legal Rights

– The Bureau of Consumer Protection works to protect consumers against unfair, deceptive, or fraudulent practices.

– The FTC, other federal agencies such as the Food and Drug Administration, the Consumer Product Safety Commission, and the Federal Communications Commission try to assist consumers in addressing deceptive, fraudulent, or damaging conduct.

– Small claims court and class-action lawsuits offer legal remedies
  • Tobacco industry
Incorporating Social Responsibility and Ethics into Customer Strategic Plans

- **Difference between ethics and social responsibility:**
  - **Ethics:** Judgments about what is right or wrong in a particular decision-making situation; comes from word *ethos*.
  - **Social responsibility:** Deals with the total effect of an organization’s decisions on society.
  - Situation with Volkswagen and Flint is both an ethical and social responsibility violation!
The Pyramid of Corporate Social Responsibility

Philanthropic
Be a good corporate citizen
• Contribute resources to the community; improve quality of life

Ethical
Be ethical
• Obligation to do what is right, just, and fair
  • Avoid harm

Legal
Obey the law
• Law is society’s codification of right and wrong
  • Play by the rules of the game

Economic
Be profitable
• The foundation upon which all others rest

What is a Code of Conduct?
- Consists of formalized rules and standards that describe what the company expects of its employees.

Why is it important?
- Promote ethical behavior by reducing opportunities for unethical behavior
- Gives everyone a blueprint of how to behave

Stakeholders know:
- What is expected of them
- What kind of punishment they face if they violate the rules
- Eliminates ambiguity and gets everyone on the same page.
Act with integrity.
Be honest.
Follow the law.
Comply with the Code.
Be accountable.
In the end, quality and integrity of our people and product is paramount to us. It is more important than anything we do.
About the Standards of Business Conduct

Starbucks empowers all partners to make decisions that impact our reputation. Individual actions at work shape how the world views Starbucks, which is why it’s so important that we each take responsibility for Our Starbucks Mission and acting ethically in all situations. The Standards of Business Conduct support the Global Business Ethics Policy and provide an overview of some of the legal and ethical standards we are each expected to follow every day.

If you are unsure of what to do in a situation, you have support. Speak with your manager, Partner Resources or Business Ethics and Compliance about your concerns. Please read the Standards carefully at work. If you have any questions, refer to the “Asking for Guidance and Voicing Concerns” section of this booklet. This information is available in accessible formats.

Contact diversity@starbucks.com for more information.
CODE OF CONDUCT STATEMENT

Those acting on behalf of the College have a responsibility to conduct themselves in a manner that will maintain civility, strengthen the public's trust and confidence in the integrity of the institution, and take no actions incompatible with their obligations to the College. Those representing or acting on behalf of the College should promote:

• Commitment to student success and student learning;
• Integrity by maintaining an ongoing dedication to honesty and responsibility;
• Trustworthiness by acting in a reliable and dependable manner;
• Fairness by treating others with impartiality;
• Respect by treating others with civility;
• Stewardship by exercising custodial responsibility for College property and resources;
• Compliance by following State and Federal laws and regulations and College policies related to their duties and responsibilities;
• Confidentiality by protecting the integrity and security of College information such as student records, employee files, and contract negotiation documents;
• Conflict resolution; and
• A climate of tolerance and trust conducive to the pursuit of College goals.
The Tylenol Case:
Ethics and Social Responsibility in Action
Case Summary

1. What are the facts?
2. Who are the key decision makers?
3. What are the options available to you as a marketer?
What is your own personal Code of Conduct?
Crisis Management 101

- Pick up the early “chatter” - social media activity raises red flags
- Be PRESENT AND AVAILABLE
- Set the right expectations and stick to it
  - What changes can you make? What marketing levers can you pull?
- It is critical to be honest and upfront -- If you made a mistake, admit it, apologize, and do everything in your power to correct it.
  - Warren Buffet once said: “It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”
- Respond thoughtfully
  - Those customers who received a reply in response to their negative review 33% turned around and posted a positive review, and 34% deleted their original negative review.
- Do Not Lose Your Cool - Ever
  - Most often the customer is upset at the product or service or even the organization. Not you!
- Have a Crisis Management Plan and Team In Place
  - The secret of crisis management is making sure the bad does not get worse! Looking back in the moment is futile!
- It is hard to please everyone - leadership and good judgement matter