



The Evolution of Ethical Brand

A brief history of the ethical brand approach

About Ethical Brand

The Ethical Brand Foundation licenses genuine ethical brands to display the eb logo on their stationery, advertising, online and on their products.

The Ethical Brand licensing program addresses a persistent market problem. That is the relative inability of average consumers to accurately distinguish genuine ethical brands from others at the point of purchase. The ethical brand licensing model is the product of more than 7 years and 30,000 hours invested in research, and development to assure the fundamental integrity of the eb symbol for the benefit of license holders and consumers alike.

The eb licensing model has been successfully market-tested on every continent and is integrated into an unbiased, evidence-based system that not only qualifies genuine ethical brands of all shapes and sizes to use the eb logo - free of any license fees - but empowers consumers and brand owners to make choices that are strongly aligned with their respective values.

For more information; to request or register a license or enrol in one of our partnership programs visit us online at www.ethicalbrand.com.

By the time formal research and development of the ethical brand initiative commenced in late 2003 we had been observing and informally researching what was actually going on in the world of commercial ethics - since 1997. The more we learned the more convinced we were that the emergence of the Internet had set the stage for a game-changing approach to ethical accreditation.

Issues ranging from executive pay and fraud to sweat-shop practices and environmental destruction linked to corporate activities were subjects of consistent media attention. We were disturbed by the demise of Enron and Worldcom and amazed as we witnessed Royal/Dutch Shell being brought to heel by astonishing levels of public interest, opinion and anger over its planned disposal of the Brent Spar oil rig in the deep waters of the Atlantic.

The corporate social responsibility (CSR) movement in the late 1990s was a relatively small and we immersed ourselves in it. We did the rounds of conferences and seminars, spoke with many of the players; read the books and studied the case materials and frameworks. However, the more insight we gained the more disturbed we became.

We certainly appreciate the complex and often systemic nature of the situations that so many of these companies were locked into. However, we could not reconcile the fact that so many companies proudly sporting CSR strategies, ethical accreditations and even awards, were evidently so comfortable

operating with enormous gaps between what they were saying or at least consciously inferring, and what they were actually doing, and or not doing.

We became increasingly convinced that there was a definite place in the market for an innovative new approach to ethical accreditation that was only accessible to genuine ethical brands. To this end we set out the following must-haves:

- A licensing program that is widely accessible to genuine ethical brands - enabling them to be instantly recognised
- An approach that authenticates genuine ethical brands using a methodology based on empirical evidence
- A neutral and unbiased approach that does not authenticate brands based on our own personal belief system
- A heterogeneous approach that functions in a consistent manner irrespective of industry, sector, size or geography
- A largely automated, data-driven approach that produces quantifiable results and is globally scalable

All of this was always going to be tough to deliver but the prospect of introducing such an innovation represented an irresistible challenge. Little did we realise that it would take more than three years to identify and prototype the first iteration of the monitoring and authentication framework. Or that it would be another four years before we would come to rest on the right overall approach including a commercially viable and sustainable business model that incorporates all of the must-have features that we had originally set out.

www.ethicalbrand.com



How eb Licensing Works

Standard License

Our Standard License is the entry level for all newly registered ethical brands and designed to suit any type of organisation operating anywhere and in any industry not excluded by our non-starter policy. It incorporates the right to display the eb symbol on websites, on stationery, in advertising and marketing collateral. A standard License specifically excludes the right to place the eb logo on products or product labels or to characterise out-sourced services. These exclusions require an Extended License.

Extended License

Any organisation that remains in good standing after activating a standard license for at least 30 days may request an Extended License. An Extended License simply extends the scope of a Standard License to include the labelling of one or more specified products or services. An Extended License requires that every member of the downstream supply chain providing more than 5% of value inputs to the specified product or service must also be registered as ethical brands. Extended License requests must also be supported by an eb Associate Partner.

Registration, Setup and Activation

Obtaining your license is simple. Just visit www.ethicalbrand.com and register your ethical brand. All new registrations are screened to ensure that their activities do not conflict with our non-starter policy. Once notified the Sponsor can log and completed their account setup, which generates an eb Profile as well as a short unique string of HTML code for linking to the eb Profile.

A license is activated when the website of the registered organisation is linked to its eb Profile. After 30 days - provided we have not received any feedback indicating we should consider doing otherwise a Standard License is released. This means the eb logo may be displayed everywhere except on product labels or service names or descriptions.

If we have concerns about releasing the license then we will contact the Sponsor and outline our concerns. If we have not already done so we will make a final decision based on the outcome of this dialogue including any actions agreed.

Start Today

If you are a business owner, partner or senior executive you can register your ethical brand right now on our website. Alternatively, if you would like more information please feel free to contact one of our eb Associate Partners directly. These are qualified, independent experts in all aspects of the ethical brand approach - ideally placed to advise and support you so that you can consider, plan, implement and leverage your ethical brand opportunity with absolute confidence and integrity.

How it all Began

Meet the Founder

The core ethical brand concept was originally conceived by William (Bill) Smith – an Internet entrepreneur and management consultant - in 1996. Bill founded one of the first commercial Internet service providers in the UK in 1994 which was acquired by boutique consultancy Conduit Communications in 1996. At Conduit Bill played a key role in forging strategic relationships with a number of blue chip clients, including a 3 year partnership with Royal/Dutch Shell as Conduit expanded from London to Amsterdam and Boston.

Bill led the Conduit team working for Shell on a change program that engaged more than 120,000 employees across more than 200 businesses units in a global dialogue, which became the basis for identifying, defining, developing and implementing more than 50 projects that facilitated the strategic aims of the program - in areas ranging from knowledge management and corporate communications to talent and leadership development.

By 1997 Bill had become interested in the field of commercial ethics and began conducting informal, independent research into the field of corporate social responsibility - exploring ways that technology might be useful. Meanwhile, Conduit merged with I-Cube, a NASDAQ listed systems integrator which was then acquired by Razorfish where Bill continued to lead high profile, high value engagements for blue chip and startup clients in the UK, USA, Spain and France - in industries ranging from publishing and television to financial services, energy and aerospace.

The birth of the Ethical Brand Initiative

By 2003 Bill had concluded there was a game-changing opportunity for an authentic approach to ethical branding and he began to focus much of his time on the eb project. The quest for the right approach eventually drew the core idea through four iterations of research, prototype development and market testing over more than seven years.

Along the way the ethical brand project took de-facto ownership of the term ethical brand online. By mid 2010 ethical brand had licensed more than 70 organisations around the world and identified the right combination of baseline features for the integrated license and authentication model; the value proposition and approach to implementation as well as the business model.

It is interesting to note that the business model that finally emerged incorporates many of the same features and characteristics as open-source software. The big difference being of course that we have applied these principles to licensing. This wasn't planned at all, but this is what all of the research and experimentation eventually led to.

Today, any organisation of any size operating anywhere and in virtually any industry has qualified access to an eb licence - free of charge. The Ethical Brand license offering is being formally introduced into the market from June 2011 and aims to license one million organisations in 52 countries.

Things We Knew

We knew that we had the perfect name. One that instantly inspires confidence among those who care about social, environmental and commercial integrity. A name that any organisation would feel proud to associate with and a name that any consumer could instantly interpret.

We knew that the ethical brand name was capable of inspiring consumer confidence in virtually any setting whether it was on a clothing label, furniture, a restaurant, travel destination, grocery stores or on the local plumber's van. Our licensing model and monitoring procedures would have to work in any industry.

We also knew that issues at the intersection of social, environmental and commercial interest matter to the vast majority of consumers. We felt an enormous weight of responsibility to ensure that whatever approach we eventually came up with was absolutely authentic - an unbiased and fact-based representation of each licensed entity's commitment.

We knew that there is no such thing as the perfect organisation. We didn't know how we were going to be able to develop a reliable model for authenticating brands that could accommodate imperfection without condoning it, or at least appearing to do so.

We knew that having an authentic approach simply would not be enough - in and of itself - to secure a foothold in the market. Our license proposition would need to be commercially focused, widely accessible and above all attractive to organisations of every shape and size.

That meant the cost of participation would need to be set as low as possible in order to create a completely level and openly accessible playing field. That implied a cost-efficient, largely automated technology driven approach. Not a prescriptive, check-box or cheque-book driven approach that is in any event either expensive and or impossible to authenticate.

We knew that the eb model would therefore, need to deliver at scale - to serve many hundreds of thousands, if not millions of organisations of every conceivable variety.

When interest in ethical brand licensing began to expand from small businesses to include a globally recognised consumer brand as well as a major US city we knew we were moving down the right path.

Things we learned ☞

“It is not necessary to change. Survival is not mandatory.”

~ W Edwards Deming

Things We Learned

It took more than two years to figure out precisely what data we needed to be focusing on as the basis for authenticating ethical brands, as well as how to go about collecting it.

Then we had to find a few real businesses that were prepared to enter our virtual laboratory and become the first licensed ethical brands. And it was only once we had begun to deliver and manage prototype implementations into real world settings that we began to secure all of the most meaningful insights.

Along the way we licensed over 70 different entities and these are the key lessons we learned, which strongly influenced and shaped the ethical brand approach today.

Feedback is undervalued

We learned that apart from being necessary to maintain the integrity of the licensing model, the feedback that drives our monitoring and authentication process was useful for our purposes, but is in fact far more valuable to licensees than ourselves.

We learned that feedback is not the easiest thing in the world to obtain. There is an art to soliciting and obtaining quality feedback and more often than not, the majority of feedback is negative - unless you engage people in the subjects they feel passionate about and use this to stimulate feedback.

Gaming the system

We learned that game theory offered the best way to think about and frame the process of monitoring feedback and authenticating ethical brands. We were also reminded that there are many ways to game any system, but we also had a lot of fun figuring out how to identify the gamers and let them play without them realising that they were the only ones in play.

Adjudication is rarely necessary

We also learned that a tiny percentage (less than 1%) of users submit feedback in the hope of being able to get something for nothing. Our feedback collection and validation procedures are designed to ensure that these ploys are exposed very quickly.

Occasionally however, a de-fact stakeholder may be determined to be unreasonable. Our authentication model usually weeds them out, but a very small percentage (less than 1%) will refuse to accept perfectly reasonable apologies or token gestures in order to prevent the issue from being resolved. Some believe that by being unreasonable and *holding out* that the brand will either concede more than they reasonably should, or it will lose its eb license. Nothing could be further from the truth. After 90 days of failure to resolve a situation we will adjudicate the matter and we have yet to conduct an adjudication that resulted in this outcome. We know what reasonable looks like.

Imperfection is a learning opportunity

We learned that looking for perfection is a waste of time, but observing human responses to imperfection yields a lot of insight into how much people value and respect one another - including themselves.

Changes in attitude and behaviour

We observed some rather unexpected behaviour among the employees of most licensees we met. The moment the ethical brand identity was introduced into their organisation most people talked about their company's eb status like it was a badge of honour.

Overnight it seemed people were taking more pride in their work, their brand and themselves, and evidently more conscientious. Importantly however, generally speaking this only happens when the prospect of ethical branding is formally introduced to staff prior to its introduction.

Formal Implementation is Key

This really got us thinking about the broader nature of our value proposition, which clearly extended well beyond eye-level branding. We realised that implementation was something that owners and executives really needed to think through and plan - because this represents an enormous opportunity to focus, inspire, motivate and breathe new life into an organisation. Think 'launch'. Think ethical brand 'activation'.

Owners of smaller businesses are in the luxurious position of being able to decide something - like registering for an ethical brand license - in the morning and implement it in the afternoon. If you really want to do this then our advice is this: discuss it with your staff over the intervening lunchtime and prepare to be grilled on your commitment!

Most employees are very warm to the idea of being part of an ethical brand, but this decision can also be misinterpreted by some as management going soft.... when arguably the opposite is probably more true. The concept does require some explanation. Most importantly however, employees must believe in the sincerity of management's commitment.

If employees don't believe that management is genuinely committed to the values that they themselves instinctively associate with an ethical brand then there is work to be done before the ethical brand identity is formally introduced, implemented or activated.

All senior staff must be consulted and given the opportunity to discuss the proposal and spread the word. This is often best accomplished via one or a series of workshops where the ethical brand concept is formally introduced as something that is under consideration - so that responses can be fielded and discussed. If you really

want to get your eb initiative off on the right foot then we recommend contacting an eb Associate Partner who will be happy to advise you on the introduction approach that is best suited to your particular organisation, circumstances and objectives,

In any event, formal implementation should always be treated as an important event in the company calendar. This cannot be over-emphasised. The formal introduction of ethical brand status into an organisation represents an important milestone.

A date should be set that allows enough time for everyone to ask questions, make suggestions and think about what being an ethical brand means to them in their particular role.

Do they have the knowledge and skills they need to fulfil the demands of an angry ethical brand customer? Are employees able to confidently interpret what 'doing the right thing' actually means in a consistent manner? Are they empowered to make that determination? Larger organisations should consider allowing months for the idea to be promoted and discussed internally. Again, your eb Associate Partner is ideally suited to help you deal with and resolve these kinds of questions.

Setting a specific date in time and making a lot of noise about the introduction of the ethical brand strategy and doing something memorable, together as a company, on that day has tremendous long-term benefits and has the instant effect of raising the game company-wide. □