

Preface

There is a movement afoot that has the potential to transform the way global corporations do their work. It is also capable of affecting producers positively at all levels, from artisanal fishers, farmers, miners, and loggers to larger, but not global, companies producing myriad products all around the world. Glimpses of the movement are popping up with increasing frequency in many places, from the *Financial Times* and the *Wall Street Journal* to Oprah Winfrey's *O, The Oprah Magazine* and industry journals in every field affected.

Whispers about the efficacy and reach of this movement are heard in corporate boardrooms as well as in union halls and in church, temple, and synagogue sanctuaries. Many people, on both the political right and the political left, are skeptical, partly because this movement creates unusual — and some would say unholy — alliances between hard-hitting advocacy nongovernmental organizations (NGOs), other nonprofit organizations trying to facilitate the effectiveness of the movement without taking harsh positions, and the very corporations they are trying to influence.

I will refer to this movement as the “certification movement.” It produces what I call the “certification revolution,” which occurs in three stages:

- Nonprofit civil society organizations create new standards for corporate social and environmental accountability, often in stakeholder negotiations with companies themselves.
- Companies are moved to adopt those standards, either because of internal corporate culture and the new business opportunities they offer or due to NGO pressure in the form of tough market campaigns.
- Newly created, nonprofit, standard-setting organizations implement a credible and efficient method for certifying corporate compliance with the new standards.

What the certification revolution has achieved, contrary to most expectations prior to about 15 years ago, is nothing less than a profound transformation of the social and environmental practices of global corporations representing significant portions of the industries on which they focus. In *Branded!* we will be looking at case studies describing specific attempts to bring greater social and environmental accountability to major sectors of the economy. We will also be analyzing a large body of information, with many concrete examples, in order to evaluate the effectiveness of the three central phenomena on which the book focuses: the changing expectations of accountability, powerful market campaigns, and the creation of certification systems as new solutions for the accountability challenges.

MY BACKGROUND

I confess to being a lifelong economist, with nearly 35 years of teaching economics courses and writing about economic problems behind me. In that time, the professional field of economics has narrowed to focus on mathematical modeling of greatly simplified theoretical economic systems, which may or may not reflect the reality of economic life for the majority of the world's population. As a result, my colleagues would classify me as a political economist. I find no fault with that label, since it gives me the right to draw upon several hundred years of economic thinking, economic history, and economic theory to analyze phenomena with straightforward statistics, logic, and observation. It also saves me from the ultimate curse of economists: the notion that we see something happening in the real world and spend our careers attempting to find out whether it can happen in theory!

I have taught and published in a variety of economics fields, but have concentrated mostly on the theory and practice of economic development (with special emphasis on Latin America and the Caribbean), urban and regional economics, the economics of sustainable development, and economic demography. The work behind this book taps much of that background, as well as theories of the firm and international economics.

After 23 years of teaching at the University of Texas at Austin, I was offered an opportunity to work, on sabbatical leave, for the Ford Foundation. To the delight of some of my Texas colleagues and, I hope, the disappointment of others, I never looked back. The opportunity provided to foundation program officers, which I enjoyed for nearly 12 years, has astounding reach and potential. Foundation staff are in the position to help nascent movements blossom and grow, sitting in the catbird seat while others do the truly hard work of building the movement. Foundation staff can connect, encourage, scold, or punish, while dedicating much of their own time to understanding how the bigger picture, the broader scenario, is evolving. And the ultimate satisfaction from that work is the thrill of seeing something new and powerful, built through the efforts of hundreds of hardworking NGOs, expanding more rapidly than anyone can trace, and developing self-sufficiency and an innate ability to adapt and grow. One of the purposes of this book is to share that thrill with you.

METHODOLOGY

The material in this book is drawn from over a decade of work with certification systems on several levels: as a funder, an analyst, a board member of some of the certifying organizations, a strategist working with some of the market campaign organizations, and an academic focused on studying, and teaching about, the political and economic significance of what we were seeing on the ground.

Most of the information presented here is closely footnoted. Yet there is a large body of information to which I had access that consists of the unpublished, and often confidential, internal documents of the designers and organizers of the market campaigns that I will describe. Their work is generally available only to

those with whom they work closely, for it often contains important strategic considerations and other confidential information. The authors and owners of those documents have encouraged me to draw freely from them, on the condition that I not reveal tactical information that might compromise future campaigns and that I keep the existence of the documents, details of the conversations, or, in several cases, the names of the authors confidential.

A couple of caveats: The book is far too short and the material far too complex to allow me to include adequate reference to all the individuals and groups who should be mentioned in each chapter. Most of the chapters could easily be expanded into books of their own, which would allow historical completeness. As well, the book is hopelessly biased toward experiences in and around the United States, despite its pretense of covering the transformation of global corporations. That's an inevitable result of the historical experience behind my own analysis and my relative lack of experience on these issues outside the US.

TRANSPARENCY ANNOUNCEMENTS

It is important that I make even clearer the relationships that I have had with some of the organizations mentioned in this book. The portfolio that I managed for the Ford Foundation included, over the years, a broad initiative to support the development of certification systems for natural resource management and poverty alleviation. The Foundation provided extensive support for the Forest Stewardship Council, several of its country-specific national organizations, and other FSC-supporting organizations. It also supported the Rainforest Alliance's programs on forest certification, especially Smartwood and TREES, as well as its rapidly developing work on sustainable tourism. Support for sustainable tourism certification went to the International Ecotourism Society, the Center for Ecotourism and Sustainable Development, and the United Nations Environment Program. The Ford Foundation was an early *padrino* for TransFair USA, from its inception and into its present period of meteoric growth, while also providing support for advocacy organizations, such as Oxfam America, Lutheran World Relief, and Co-op America, that stimulated the growth of the Fair Trade movement in the US.

The Ford Foundation provided support, on my watch, for market campaign organizations such as ForestEthics and Rainforest Action Network. It supported early efforts toward mining certification through Earthworks (initially under its previous name, Mineral Policy Center), as well as explorations of community-based mining standards in the Andean region of Latin America through funding provided to the Environmental Law Institute. During the years I worked for the Rockefeller Brothers Fund, I managed grants that supported the incipient development of a common set of stakeholder-based standards for big-box stores, such as Wal-Mart.

I should also make it clear that while I was completing this book, I served on a number of NGO boards related to the certification revolution. They include the international board of the Forest Stewardship Council, where I was a nonvot-

ing technical advisor, and the board of the FSC Global Fund, a small fundraising organization dedicated to strengthening the FSC. I served on the board of directors of Earthworks, the NGO advocating standard setting for the mining industry. I was elected in 2003 to the board of directors of TransFair USA, and in 2006 to the governing board of FLO Cert, the wholly owned auditing and accreditation arm of Fairtrade Labeling Organizations International, the global governing body for Fair Trade certification. One of my struggles in writing this book has been to ensure that I don't draw on information I have accessed confidentially as a member of one of these boards. I trust, however, that these background experiences enrich the material you will read, and that this transparency will allow you to recognize, and appreciate, the biases that these experiences necessarily carry.

— Michael E. Conroy
May 2007