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MAS Holdings: Leveraging Corporate Responsibility

05/2008-5512

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Selin Aruna, a 23-year-old production technician for MAS Linea Fashions in Chennai, India, had a cheerful look on her face but a somewhat graver expression in her dark eyes. Dressed in a beautiful, flowing sari, she took her place beside 17 other female employees of MAS Holdings standing before a crowd of 1,500 to receive one of the company's "Empowered Woman of the Year" awards. Each year, MAS selected one woman from each of its plants as an outstanding achiever, excelling in sport, science, commerce, the arts and culture. The women were congratulated for their ability to achieve extraordinary results thanks to their efforts of self-empowerment. As women constituted 92% of the workforce at MAS' apparel manufacturing plants, singling out the most exceptional for recognition as role models took on a very special meaning.

Selin was among the women being honoured on the evening of 9 December 2006, in Colombo, Sri Lanka. She was a survivor. Throughout her early years in India she had coped with difficult circumstances, living in a violent home with an abusive father as well as the responsibility of helping her ailing mother and supporting the family financially. Her first big break came when she was hired by MAS Holdings in its Linea Fashions plant as a supervisor in 2002. The job spurred her on to join a distance-learning programme to earn a degree in Commerce from the University of Madras. She also took short courses in typing and sewing, thereby becoming an exceptional motivating force in her team. Subsequently, she left MAS for what seemed to be a great career opportunity.

Just as everything seemed to be looking up for Selin, she got into a violent dispute with her father, was severely beaten and hurled off a balcony. Unconscious for three months, she finally got back on her feet after almost a year of rehabilitation. At that point (2004), she applied for a position at MAS for the second time and was internally promoted to her current position in Linea Fashions. Now happily married, living with her mother and adopted son, she does regular volunteer work in her community.

Few women with stories of personal triumph like Selin's are celebrated for their sacrifices and perseverance, but MAS Holdings recognises a whole group of individuals like her every year as part of its 'Women Go Beyond' programme. Launched in 2003 as an internal project, Women Go Beyond began as a series of training sessions that focused on ensuring employees' career advancement and strengthening work-life balance. Later, the scope of the project extended to cover contributions to community work and sustainable development.

As a manufacturer of intimate apparel, sportswear and casual wear for brands such as Victoria's Secret, Nike and Marks & Spencer, MAS had made a concerted investment in being a socially responsible company, as the Women Go Beyond programme illustrates. However, other garment suppliers in direct competition did not necessarily adhere to the same standards, so MAS found itself constantly squeezed when it came to costs. How could it remain committed to the cause and at the same time ensure that its efforts in corporate social responsibility (CSR) paid off? How could the company stay competitive when other vendors focused exclusively on achieving lowest cost?

Ravi Fernando, MAS Holdings' Director of Corporate Branding and Strategic Corporate Social Responsibility, who had helped initiate Women Go Beyond, was sure that MAS could leverage the programme to answer these questions. He began by taking a closer look at its development, impact and progress to date, in an effort to determine how MAS could capitalise on the results to give the company a competitive edge.

MAS Holdings

Stroll down any high street in the fashion and retail capitals of the world and you're likely to come across more than a handful of MAS customers – wearing labels from Victoria's Secret, Nike and Marks & Spencer, to name but a few. MAS supplies some of the leading brands in intimate (underwear) and sportswear and is the largest supplier of intimate apparel in the Southeast Asian region with a manufacturing presence in five countries (see Exhibit 1 for the company's financial performance since its inception).

MAS Holdings is composed of four divisions: MAS Intimates, MAS Active, MAS Fabric, and MAS Investments (see Exhibits 2 and 3). MAS Intimates, first established with MAST Industries, the sourcing arm of Victoria's Secret, concentrates on undergarments, from design to delivery, from basic items to intricately detailed ones, and is the brand's single largest supplier. MAS Active focuses on performance apparel and sportswear, through all stages from design to delivery and is one of the fastest growing suppliers of casual and sportswear for Nike, Reebok, Adidas, Gap and Speedo. MAS Fabric, supporting the backward integration strategy of the company, handles and manufactures materials, accessories and components such as bra cups, lace and elastic, which it supplies either directly to customers or via other MAS facilities. MAS Investments is the driver of strategic new projects. For instance, it managed MAS' first foray into creating its own retail brand, with the launch of Amante, a brand of intimates in India, as well as the newly-acquired MAS Fabric Parks in Thulhiriya, Sri Lanka, and Nellore in India, positioned as part of a new generation of eco-sustainable industrial facilities. A dedicated service branch takes charge of product design, allowing MAS to provide a complete service to customers, starting with the design and spanning product development, sourcing, manufacturing and delivery.

Background

Established in 1987 and headquartered in Sri Lanka, MAS Holdings was born when three brothers - Mahesh, Ajay and Sharad Amalean - decided to manufacture intimate apparel and assembled a modest team of 60 people to start the first factory. Twenty years later, the group had grown into a global entity spanning eight countries in Southeast Asia, boasting 30 world-class manufacturing facilities and 45,000 employees. With offices in Sri Lanka, India, Hong Kong, the UK and the US, MAS enjoyed 20% year-on-year growth and was aiming to reach a turnover of US\$1 billion by 2010 (see Exhibits 4 and 5).

Most of MAS' businesses had been set up with joint venture partners who were technology leaders in their areas of expertise. Its first business, MAS Unichela, was set up in 1986 as a joint venture with MAST Industries, from which the philosophy of partnership stemmed. The second business was established in 1987 with Limited Brands, USA, the parent company of Victoria's Secret, to manufacture lingerie. That same year, a further joint venture was established with Mast Industries, which led to the founding of the Unichela production facility, also for the manufacture of lingerie. The success of the first joint venture plant led to expansion, as MAS and MAST opened MAS Shadowline in 1990 and MAS Shadeline in 1994. These two facilities manufactured a range of lingerie, intimates, sleepwear, daywear, and leisure wear for buyers including Victoria's Secret, Vanity Fair, Gap, C&A, Top Shop, Etam, Next and Evans. Triumph International, worldwide manufacturers of foundation garments and intimate apparel with more than 100 years of experience, joined forces with

MAS and MAST to open the Bodyline plant in 1992. The foundation garments it produced were distributed throughout Triumph and MAST's American and European markets.¹

The same year, MAS, MAST and UK-based Courtaulds Textiles Plc joined forces to open MAS Slimline, which manufactured lingerie and leisurewear for brands such as Victoria's Secret, Marks & Spencer, BHS and Hanro. The year 1996 saw the opening of the Stretchline plant, the product of a joint venture between MAS, MAST and Charnwood Elastics Group UK, which was designed to manufacture elastics. Major buyers included Marks & Spencer, BHS, Mothercare and Littlewoods.² Other joint venture partners included Speedo International, UK; Prym Intimates, Germany; Brandot International, USA; Pacific Textiles, Hong Kong; Noyon Dentelles, France; Brandix, Sri Lanka; Dogi International, Spain; and Elastic Fabrics of America, USA.

These joint ventures provided MAS with the opportunity to build relationships with established, informed companies, giving it an all-important foot in the door to build direct connections to world markets and gain insider knowledge. In return, MAS supplied a customised service of product design and development, along with a highly responsive manufacturing capability that worked closely with its partner companies. This grew increasingly important over the years as mass retail outlets shifted their business models in their efforts to offer products corresponding as closely as possible to real-time consumer demand. For MAS' clients, this meant cutting back on long lead times, increased productivity and a higher level of flexibility. For instance, if a certain style of item was selling well, orders could be modified to match demand. Sometimes it meant changing the order mid-stream to produce more of a best-selling colour batch. The result was positive for both sides, as MAS saw in 2006 when it was named "Vendor of the Year" by Victoria's Secret, citing MAS' commitment to its stores' success. The award criteria included partnership, collaboration, innovation and design, cost competitiveness, community involvement and overall performance.

A Word on Corporate Responsibility

Any employer that violates provisions for the minimum wage, overtime, child labour, occupational safety and health, workers' compensation or other industry regulations is instantly labelled a 'sweatshop'. In recent years this has become a major concern in the textile, clothing and footwear manufacturing industries. In the textile industry, where the labour force is predominantly made up of women, some sweatshops have been found to force their employees to take birth control pills so as to avoid maternity leave. Work days can stretch from 12 to 16 hours without mandatory breaks.³

Although the problem of sweatshops and child labour abuse have declined markedly since the year 2000, in the manufacturing industry child labour and unsafe working conditions still remain a significant problem. According to the International Labour Organisation (ILO), 230 million children across the world were engaged in some kind of economic activity in 2006,

1 Board of Investment of Sri Lanka.

2 Ibid. www.boi.lk.

3 Global Exchange, 2007. www.globalexchange.org.

representing about one-sixth of the world's population of five- to 15-year-olds. More specifically, in the Asia-Pacific region about one in every five children was at work in 2004.⁴

Since its first products came off the production line, MAS has been concerned with the standards of treatment of its employees as well as their working conditions. Credible employment practices are in place, including the strict enforcement of child labour laws – no one under the age of 18 is hired by the company. MAS provides transport, air-conditioned facilities and free meals for its 45,000 employees. The working day is monitored and conforms to eight-hour periods with the possibility of two hours overtime per day. Its factories are specifically built close to neighbouring villages in rural Sri Lanka, unlike other manufacturing facilities in the region. This enables thousands of working women to remain in proximity to their homes, instead of moving away and living in boarding houses to be able to work, a phenomenon that has created a sub-culture known as “Juki girls”, a derogatory term derived from the brand of Japanese sewing machines frequently found in garment factories.⁵ MAS also puts safety in the workplace at the top of its priorities. In 1995 one of its facilities won the Sara Lee Corporation's ‘Millionaires Club Award’ for achieving 30 million standard hours without an accident in the workplace.

The company has its own “MAS Standard”, a document setting out standards and a clear code of conduct that are aligned with the UN Global Compact.⁶ But the Amalean brothers did not set out with the intention of eschewing the sweatshop mentality; they simply did what came naturally. Ajay Amalean, Managing Director of MAS Corporate Solutions, affirmed, “It was the right thing to do. We had absolutely no idea that 20 years down the road things we were doing would be called corporate social responsibility.”⁷

Going Beyond – Establishing the Programme

As it benchmarked itself against key competitors and marketed itself to potential clients, MAS began to realize that its approach to labour stood out when compared with prevailing industry norms. It took its role as a socially responsible corporation to heart, and looked around to see how other companies that were making similar efforts incorporated their socially responsible practices into their brands. Reebok was promoting human rights and had underwritten Amnesty International's ‘Human Rights Now!’ world concert tour in 1988, which it followed through with an annual ‘Reebok Human Rights Award’.⁸ In the cosmetics field, The Body Shop pressed on with its five core values, including a ban on animal testing, support of community trade for its product ingredients, activating self-esteem, defending human rights

4 Hagemann, Fran; Diallo, Yacouba; Etienne, Alex and Mehran, Farhad. “Global child labour trends 2000 to 2004”, International Labour Organization, 2006, p. 10.

5 Lynch, Caitrin. “Good Girls or Juki Girls? Learning and Identity in Garment Factories”, *Anthropology of Work Review*, Spring 1999, Vol. 19, No.3, p. 18.

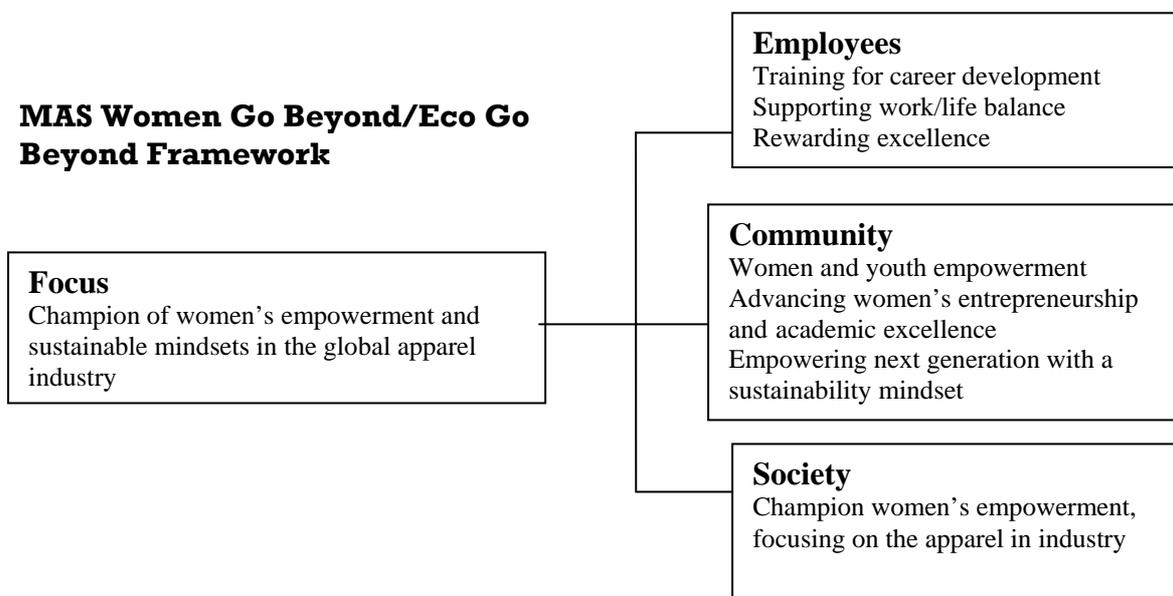
6 The UN Global Compact is the world's largest global corporate citizenship initiative, which takes the form of a framework for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. (www.unglobalcompact.org).

7 “Market Movers: Lessons from the Frontier of Innovation”, International Finance Corporation, 2007, p. 34.

8 “Reebok to Honor Four Young Courageous Human Rights Champions; 2006 Reebok Human Rights Award Recipients Celebrated at New York Ceremony”. Corporate Social Responsibility Press Release, provided by CSRwire, May 17, 2006.

and protecting the environment.⁹ Heinz and Toyota were also model brands for MAS as they progressed with their respective goals to promote family values and social advancement.

In an effort to formalise its continual efforts in socially responsible practices, Fernando and a team of collaborators proposed the Women Go Beyond project to the MAS board and management team. It was adopted in November 2003 as the company’s flagship strategic corporate social responsibility initiative and was rolled out to 15 apparel manufacturing plants with 18,000 employees between December 2003 and May 2004. The programme was centrally managed and functioned with a network of Women Go Beyond champions – one in each plant – who, with a multi-functional team, implemented monthly programmes and together coordinated company-wide projects and events such as the annual ‘Empowered Women of the Year’ awards.



Fernando and his colleagues designed the programme to touch three dimensions of its employees’ lives: personal motivation and care of employees, the community surrounding MAS (notably women and children), and society as a whole. Internally, the programme aimed to promote career advancement by its contribution to skills-learning and knowledge-building through tailored training programmes. Employees received training in computer skills, English language skills and leadership abilities. Women Go Beyond also sponsored programmes to train women in balancing work/life issues, using emotional intelligence, communicating effectively and managing stress. ‘Balancing the Multiple Roles of a Woman’ was specially designed to educate all employees in how to juggle their responsibilities as employees, mothers, daughters, wives and sisters. Personal care, grooming and other health and beauty techniques were highlighted in a ‘MAS-Unilever Getting More Out of Life’ programme launched in 2005, which has since seen more than 1,500 employees certified in beauty, health and hygiene skills. In addition to enhancing social skills and poise, it encouraged sport, talent and skills development.

⁹ www.thebodyshopinternational.com

Rewards were an important part of the process, with quarterly and annual opportunities to recognise excellence among high-achievers in the workplace. MAS rewarded women who had achieved excellence in terms of career, academics, sport, science, commerce and the arts, on a quarterly basis (see Exhibit 6) and via the aforementioned annual ‘Empowered Women of the Year’ awards.

Outside the plants, Women Go Beyond also aimed to advance academic talent in the surrounding communities and strongly influenced programmes of environmental sustainability. MAS supported community university entrants and potential sporting talents. It also contributed to sustainable development education in all the community schools, providing support for the United Nations Environment Programme’s YouthXChange, which disseminated information on leading sustainable lifestyles as part of its new flagship programme ‘MAS Eco Go Beyond’ focused on youths aged 15-18.¹⁰ Since its launch in June 2006, the programme has taught sustainability to 15,000 youths in 30 rural schools in locations close to MAS plants. It has rewarded the best schools making progress in this area, as well as handing ‘MAS Eco Go Beyond Sustainability Awards’ to school clubs that enter this annual event.



Some of MAS’ joint venture partners also opted to become directly involved. For example, Gap decided to partner MAS’ efforts in community outreach, resulting in the ‘Gap Go Beyond’ programme, a series of workshops for local women entrepreneurs in the communities surrounding the MAS plants (see Exhibit 7). Ethical and sustainable manufacturing is another issue confronted by MAS in its joint project with Marks & Spencer to build a “green plant” in Thulhiriya, Sri Lanka. A significant investment, the plant produces bras for Marks & Spencer and pilots the company’s carbon-neutral initiative in Asia. The design of the plant allows it to conserve a maximum of energy and natural resources, for example by using solar-powered energy systems, harvesting rainwater to meet part of its water requirements, maximising natural light sources to reduce electricity usage and implementing low-energy cooling systems in place of air-conditioning.¹¹ Construction on the plant began in August 2007 and it became operational in April 2008.

Measuring Impact

Ravi Fernando began by looking back on the programme’s major landmarks over the years. By 2005, just two years after its implementation, Women Go Beyond had already caught the attention of a number of worldwide bodies. The American Apparel and Footwear Association had awarded MAS its ‘Excellence in Corporate Social Responsibility for Women’s Issues’ award, a first for an Asian company. The programme was also highlighted as “good practice” in a United Nations publication on maximising the benefits of corporate social

¹⁰ www.youthxchange.net.

¹¹ “Sri Lanka: MAS Holdings to build first eco-factory for M&S bras,” Dilshani Samaraweera, May 31, 2007. just-style.com.

responsibility.¹² When examining the programme's internal impact, Fernando saw that by September 2006, the various Women Go Beyond programmes had impacted each worker an average of 4.2 times, with a total of 447 programmes implemented (see Exhibit 8).

To dig even deeper into the results, MAS decided to commission a study from Lanka Market Research Bureau in the spring and summer of 2006, measuring Women Go Beyond's progression and impact. It targeted directors, managers, supervisors and workers, conducting interviews and asking for questionnaires to be completed in both English and Sinhala languages (see Exhibit 9).

Study Results

Internal Impact

The directors and managers as a group found the Women Go Beyond programme to be important for several reasons, including its focus on women, the values it helped them assimilate, and the fact that it served as a differentiator for MAS in comparison with other apparel manufacturers in Sri Lanka, India and China. Middle management expressed some concern that not enough workers seemed to be aware of the programme and that it did not receive sufficient support from top management. They felt that the time and resources available for it were inadequate. The supervisors as a group were very aware of the programme but were not necessarily well versed in all its objectives. Still, 63% said the programme had positively changed their personal lives, a figure which rose to 82% in the 2007 survey. Perhaps the most positive information came from the workers: 71% indicated that Women Go Beyond "made a significant difference" in their lives, and in 2007 this figure rose to 85%. The survey results showed that the workers were, indeed, highly familiar with the programme. MAS made constructive use of the study results to reinforce its efforts to educate employees about the programme where needed.

External Effectiveness

The study also included an external component comprised of a series of in-depth interviews with key customers, including Gap, Unilever Sri Lanka, Marks & Spencer and Victoria's Secret. Each of the companies agreed that it was important that MAS met standards for ethical sourcing.¹³ They pointed out that it was now a prerequisite when selecting a manufacturer and that it had become a critical element in corporate policy and in their company's approach to the world. "It's like the DNA of a company," an interviewee from Marks & Spencer said. A Gap representative commented, "It's the bread and butter of Gap" However, they also emphasised that it was not the only factor cementing a business partnership; the relationship could only really advance when the manufacturer proved its ability to deliver and was flexible enough to accommodate the company's desired needs.

The Women Go Beyond programme was rated as highly positive by each of the companies and was interpreted as a strength not only for MAS but also for the industry as a whole and

12 "Maximizing the benefits of corporate social responsibility for small and medium-sized enterprises participating in regional and global supply chains," United Nations Economic and Social Commission for Asia and the Pacific. United Nations, 2005.

13 The Ethical Trading Initiative defines ethical sourcing as ensuring "that decent minimum labor standards are met in the production of the whole range of a company's products." (www.ethicaltrade.org).

the employees that produced the goods. One Marks & Spencer representative said, “I could see the good work MAS has done to enhance the careers of these women, who would have started off as machinists and progressed up to the management structures, and buy their own houses and improve their lives therein.”

Overall, the reaction from its main clients when asked by MAS to participate in Women Go Beyond was positive. Victoria’s Secret, Nike, Speedo and Gap, as well as leading multinationals Unilever and HSBC, had each taken a role in sponsoring parts of the programme. A Gap interviewee said it was easy to join the Women Go Beyond effort since it was already established and thus enabled Gap to get on board quickly and make visible efforts to engage in socially responsible programmes, ultimately providing a competitive edge. A Unilever representative commented that participating was also worthwhile for the company in that it allowed access to an audience of more than 20,000 women in the MAS plants that it could target and teach about its products. Victoria’s Secret affirmed that Women Go Beyond promoted a goal that its company appreciated: “Lingerie made by women for women.” A Marks & Spencer spokesperson concurred that “I think there’s a public relations element to it...we can say we work with the best vendors in the world who have a leading edge and progressive corporate social responsibility activities.”

Still, the issue of finance remained. The survey did not directly address the cost of corporate social responsibility but the results revealed an important related point: even though the top management of these companies named CSR as a key differentiator, no apparent demand for ethical sourcing among end consumers had been observed, as generally they were either unaware or uneducated about this aspect of manufacturing. The brands working with MAS did not believe that customers were ready or willing to pay higher prices for products that were ethically sourced, implying that when buyers shopped around for best prices, they were unlikely to factor in whether a company had a large-scale commitment to corporate social responsibility, sustainability, etc. Except in niche markets, brands rarely used ethical sourcing as a differentiator. What ultimately drove the final decision was the bottom line.

Next Steps

These final points brought Fernando face-to-face with his toughest questions. How could he reconcile MAS’ dedication to social responsibility with the bottom line? The company’s positive and unique way of doing business needed to pay off – the Women Go Beyond programme alone was costing the company more than US\$50,000 per year. How could MAS raise awareness of its socially responsible efforts and the qualities that distinguished it from other clients? Perhaps more importantly, how could it show people, especially its end consumers, the difference? He could see four approaches as possible avenues to pursue.

Co-branding

The first option was for MAS to approach its key clients to discuss the possibilities of co-branding, essentially placing the MAS Women Go Beyond logo alongside the brand logo on the label of each item. This option would provide MAS with visibility, allowing it to add credibility to the Women Go Beyond programme and raise awareness of its socially responsible actions, ultimately building its reputation worldwide. It would open the door for contact and information exchange between MAS and the end consumer, which would be a

new approach to the market, considering that MAS' relationship with its clients was limited to dealings with the buying office.

Co-branding had proved successful in many other industries. Perhaps the most widely-known example in recent years was Intel, which had leveraged its brand of high performance computer processors by placing its logo outside the computer, alongside the PC brand. In the clothing industry, Gore-Tex, the breakthrough fabric, had managed to get its name on branded outdoor wear from leading manufacturers. However, there was thus far no precedent of a contract manufacturer using co-branding with its buyers' brands, or indeed of co-branding in the textile industry, possibly due to the fact that brands were especially tough to sell in Western markets when virtually unknown.

A campaign based on the MAS Women Go Beyond programme, dubbed 'Garments without guilt', had been launched with the backing of the Sri Lankan government to position Sri Lankan apparel in the US and EU markets, based on a proposal presented by MAS to the Joint Apparel Association Forum (JAAF), the country's representative body for the apparel industry. This image-building effort focused on growing and maintaining the US and EU markets for manufactured items. Funded both publicly and privately, the goal was to raise awareness of how Sri Lanka's manufacturers respected labour regulations and offered good working conditions to their employees. The campaign aimed to differentiate Sri Lankan companies from those in other developing countries, to improve the image of garment workers,¹⁴ and to make 'Made in Sri Lanka' synonymous with 'made while upholding ethical standards'. As the reputation of the movement grew worldwide, the heightened visibility of those companies involved in it seemed to reinforce the argument for co-branding.

Three main issues were raised while elaborating the co-branding option. First, Ravi Fernando understood that the effort could not stand alone, and that it would be essential to launch a parallel communication strategy to explain the Women Go Beyond programme and its relevance. Second, the all-important part of co-branding depended upon the participation of MAS' joint venture partners. When asked if they would be receptive to the idea, reactions were mixed. Marks & Spencer implied that MAS would need to take responsibility for the marketing campaign, insisting that "Simply putting the logo on the product is not enough." Gap made a similar point, saying that putting the logo on the product would be the easiest part; the challenge, it said, resided in selling the public at large on the concept that the logo represented. Victoria's Secret acknowledged that the idea was interesting but affirmed, "We're not open to having some other branding or logo, whether it's Go Beyond or not, on our products", although it agreed to remain open to further discussion on the matter. Another issue was that, with the exception of Victoria's Secret which sourced a sizable percentage of its product from MAS, most other brands were sourcing a smaller percentage, which posed the problem as to what to do about the 'other' garments at the retail end.

Engaging With End Consumers

A more classic approach to reaching the end consumer involved investing significant sums of money in advertising to deliver the message directly to the buyers of key vendors in the US and the EU. MAS estimated that to effectively establish the Women Go Beyond programme

14 Samaraweera, Dilshani. "Sri Lanka pins its hopes on garments without guilt." August 30, 2006. just-style.com.

in the hearts and minds of the end consumer would require an investment of between US\$50 million and US\$100 million in a sustained media campaign, targeting TV, newspapers and magazines, as well as using sponsorship. While some were in favour of such an approach as the traditional route to brand building, others raised concerns about cost as well as credibility. They insisted that MAS would be ‘telling its own story’ – so why should any consumer believe it? Such a campaign might create awareness of the Women Go Beyond programme, they argued, but there was a risk that it would lack credibility as it might also create the impression that MAS was just another company pushing its offerings.

A more affordable, albeit less effective, option was to invest in a strategic public relations campaign to create awareness about MAS’ projects in order to build recognition for the Women Go Beyond programme and the added value that MAS brought to the marketplace throughout the US, Europe and Asia. This could be done via a PR initiative and significantly increasing mainstream coverage of the MAS brand and the Women Go Beyond programme. By targeting the company’s key stakeholders (employees, activists, brand owners and brand users), the company could spread the message of its mission and at the same time expand the consumer base, which would enable it to command a price premium.

In pursuit of this idea, MAS collaborated with a global PR firm to determine a possible plan of action. The PR team began by delving into background work on corporate social responsibility, specifically looking into the similarities and differences between its foundations worldwide. It pointed out to MAS the importance of meeting the demands of existing labour standards across the board, identifying 11 important bodies including the UN, the ILO and the Ethical Trading Initiative. The team asked MAS to clarify its vision as a socially responsible company and pin down its goals, keeping in mind the need to align everything with the MAS brand promise. Once this was done, their recommendation was that MAS begin approaching NGOs and activist organisations to establish a relationship of trust. Proximity to these groups would bring MAS closer to various government agencies worldwide. Through these connections it could promote its unique position of a top-quality manufacturing firm providing added value to the end consumer.

Fernando understood that this option demanded an investment of time and resources on many different levels in order to assure the delivery of the message. Once the management team of MAS had been well briefed on the latest information on international corporate responsibility, it would have to explore several branding questions, including the issue of how key stakeholders perceived the brand and what benefits it would bring to target audiences. Then a new communications strategy would have to be created, both internally and externally. MAS executives would need to get comfortable with the media, which implied heightening visibility, increasing the frequency and reach of speeches and presentations, and undergoing additional training in media relations. All the communication tools, from factsheets on programmes and goals, to graphics and downloadable photos, would have to be revamped. Inroads to the press needed to be made through well-targeted press releases, headline articles and feature stories. Political relations with NGOs and other social groups had to be nurtured, all the while improving internal materials such as employee manuals.

The estimated cost of achieving the desired awareness objective over a one year period was US\$750,000. If the refined communications message effectively reached the end consumer, the company could then demand a premium price for its products. However, Fernando and other members of MAS’ top management had their doubts as to whether such a programme

would really help differentiate the company competitively. Moreover, there was concern about potentially alienating the large customers, which could have potentially disastrous consequences for MAS.

Building a Coalition for Credibility

The third option was to create a strong credibility platform whereby instead of MAS telling its own story it would place the story in front of credible organisations as information, letting them establish its validity and credibility, and making the decision as to whether it was worth telling. Fernando sought out suitable organisations under the UN umbrella, and other international institutions like the IFC, World Bank and NGOs that focused on issues of relevance to women. During relief efforts in Sri Lanka in the wake of the tsunami of 2004, he met Katrin Kuhlmann, Senior Vice President for Global Trade of Women's Edge, a US-based advocacy organisation representing the interests of poor women around the world to policy-makers in the US Capitol. Fulfilling its role as an advocate while in Sri Lanka, Women's Edge had met with women's labour groups and NGOs in Sri Lanka to gather their opinions. Ms. Kuhlmann transmitted the findings to MAS, thereby establishing the basis for a dialogue between the two.

Through the course of their discussions, Ravi Fernando and Katrin Kuhlmann both sought to address a concern they held independently relating to the education and engagement of consumers worldwide: in order to bring out the relevance of the CSR efforts being carried out by MAS and other like-minded companies, they needed to find a way of making consumers raise the question of where the items they were purchasing really came from.

The idea that emerged was to launch a new, non-profit initiative that would act as a public education vehicle. This stand-alone entity would serve to establish a dialogue especially with women consumers, largely through the vehicle of an internet site. "The point would be to educate the consumers," Ms. Kuhlmann said, "to help them understand that a purchase is a choice, and that there is a difference in the way that a piece of clothing is made."

The project consisted of seeking out other companies that were also models of what they were doing, promoting not only women's rights but also real economic opportunities for women. Another big focus of the campaign would be to look for those companies that had made commendable strides in sustainable development. As soon as a group of companies was found and highlighted through the project, stories like that of the MAS' Women Go Beyond initiative would be brought to light. Having a critical mass of businesses would make the stories more compelling and likely to open up access to mainstream media. Articles on the subject could be picked up more easily, for example, in the fashion press, mass media, discussion in CSR forums, and so on.

This work hinged on several key factors, including the laborious and time-consuming nature of the background checking. It entailed a great deal of 'due diligence' work - going on-site to factories, meeting with individuals and delving into the details of the companies' activities, and for this NGOs would need to be engaged. Also, the companies involved in the process would need to be willing and open enough to allow an external party to go behind the scenes of their operations.

Expanding Potential from a Sustainability Angle

Fernando also saw potential in one of the Go Beyond offshoots that had had great success since its inception and was attracting attention in several circles. This was the above-mentioned 'Gap Go Beyond' programme, which included sustainable development education, and had spawned a project commonly referred to as the 'MAS Eco Go Beyond' programme. Designed to teach school children aged 15 to 18 years the concept of sustainable development, Eco Go Beyond asked them to consider why sustainability was important in their own lives and for the future of the planet.

The outreach programme had begun in May 2006 in five communities that housed MAS production facilities. The Minister of Education gathered the principals from 20 schools for a presentation of the programme. Initially, schools were selected for participation based on the following criteria: proximity to relatively large strategic business units in either urban or semi-urban areas (within a 10- to 15-mile radius); girls or co-ed schools with classes up to university entrance level; those with links to MAS, either children or siblings of employees; and those expressing the interest and/or willingness to start the initiative and carry on in the long term. The selection adhered more or less to these standards but a number of others were ultimately included in order to ensure a cross-representation of schools.

Two months later, MAS representatives and the school principals had set up a programme in each of the participating schools addressing three prongs of sustainability education:

- social – focusing on each person's view of the world and his or her attitude toward others, as well as key issues on a local level pertaining to sustainability;
- economic – addressing issues of consumption, natural resources and generating income, sustainable alternatives, and each person's role as a consumer;
- environmental – learning about reducing, reusing and recycling, optimising energy and managing natural resources. These sections were presented to the students, interlaced with didactic skits and audiovisual presentations.

The students were then divided into groups to develop mini-project proposals that were elaborated for six months. Each school then adopted one of the mini-projects for further development over the next six months, and at the end of the year the top achievers were recognised at an awards ceremony, with the participation of the Ministry of Education.

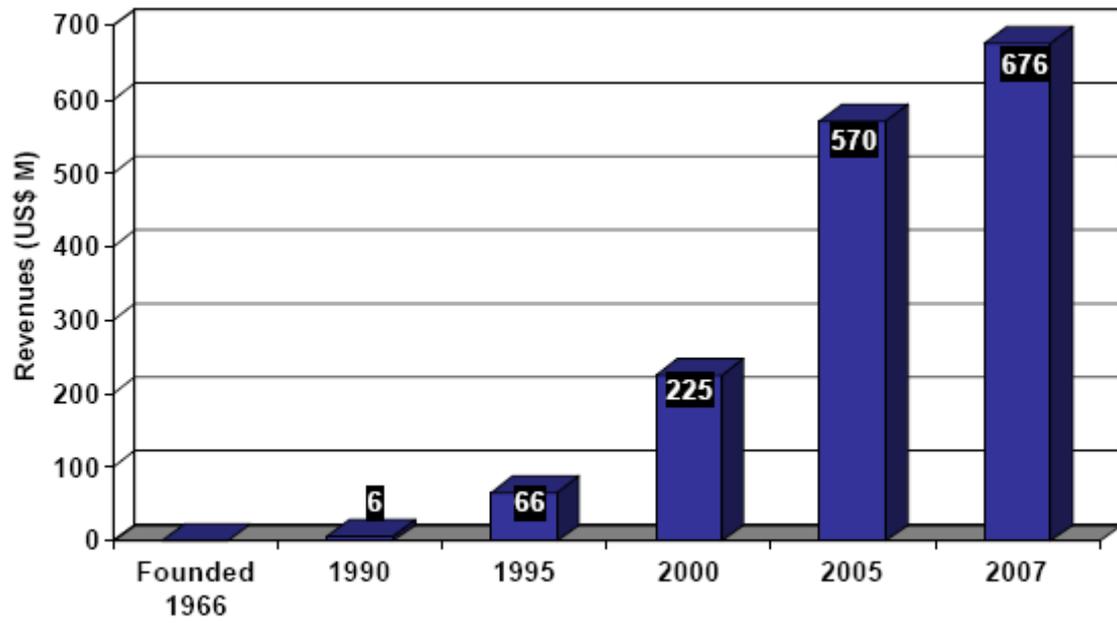
Thanks to its strong organization, the participation of the Minister of Education and all the school principals, the programme had extended to over 30 schools, reaching a total of 15,000 youths. Fernando had been told that this programme was influencing the sustainability agenda in both school and business school curricula, and that a memorandum of understanding with UNESCO about the project was in the pipeline. But he still had reservations about how far the project could reach. It was strongly influenced by local Sri Lankan issues, even though the students' projects were meant to keep the world impact in mind. Perhaps it could inspire similar projects across the globe, but it would be difficult to establish the various connections to educational systems worldwide, which were necessary for the success and significance of the programme. Moreover, the resource requirements for running such a programme on a global scale might be beyond the scope of MAS. Even if MAS decided it had deep enough

pockets to grow the programme and overcome the obstacles, might it not risk eclipsing the Women Go Beyond programme in which the company had already invested so much?

Next Steps

Faced with the reality of the textile manufacturing marketplace, where companies tended to choose manufacturers on the basis of cost advantages, Fernando (and MAS) needed to decide on the next move. It was time to choose between the four options. Which one offered the greatest promise of success, given the challenge of balancing the financials of the rather costly Women Go Beyond programme and MAS' commitment to responsible business? Which plan would best convert MAS' philosophy of "doing good" into a profitable differentiator for the MAS brand? And once decided, how should Fernando prioritise his actions to implement the roll-out of the chosen option?

Exhibit 1
Financial Performance



Source: MAS Holdings.

Exhibit 2
MAS Holdings Global Structure

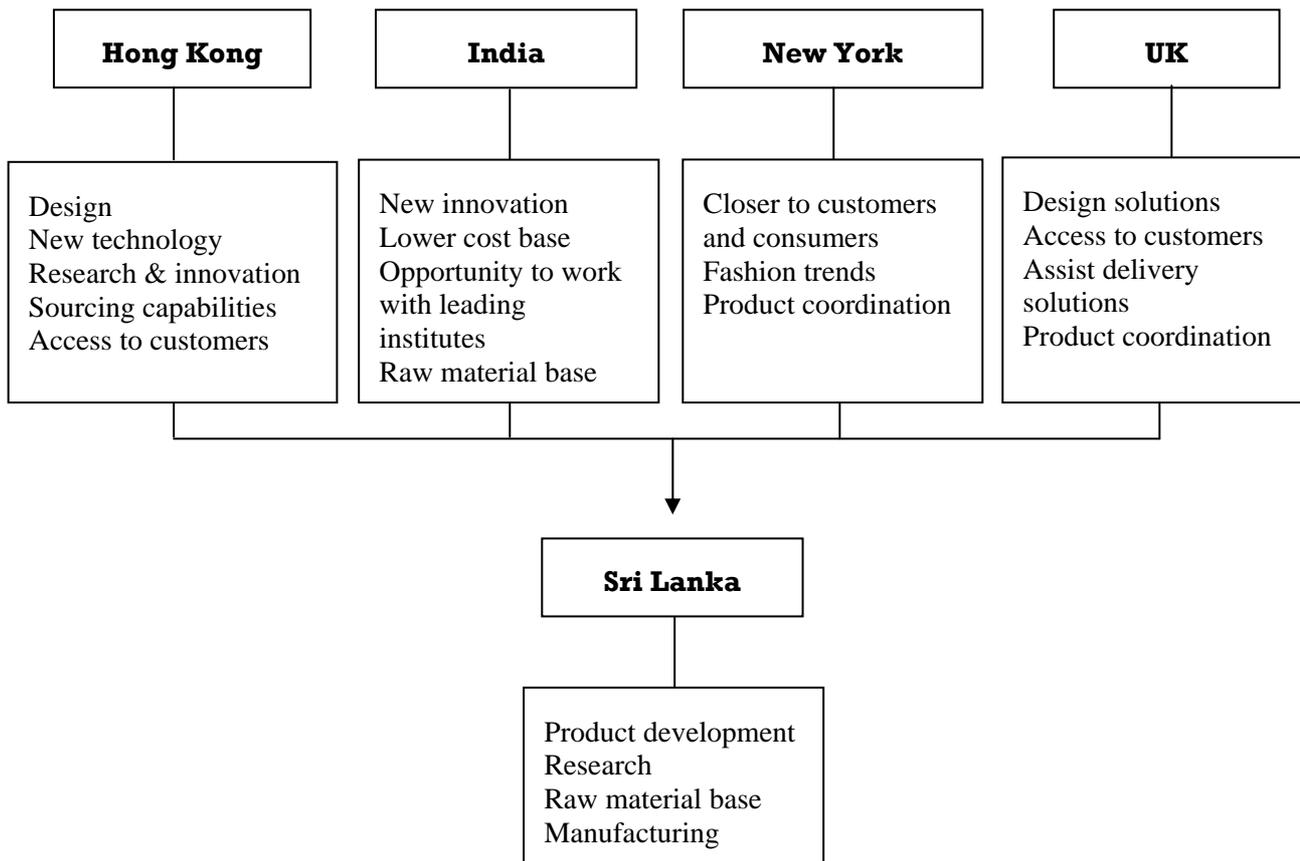


Exhibit 3
MAS Holdings Company Structure

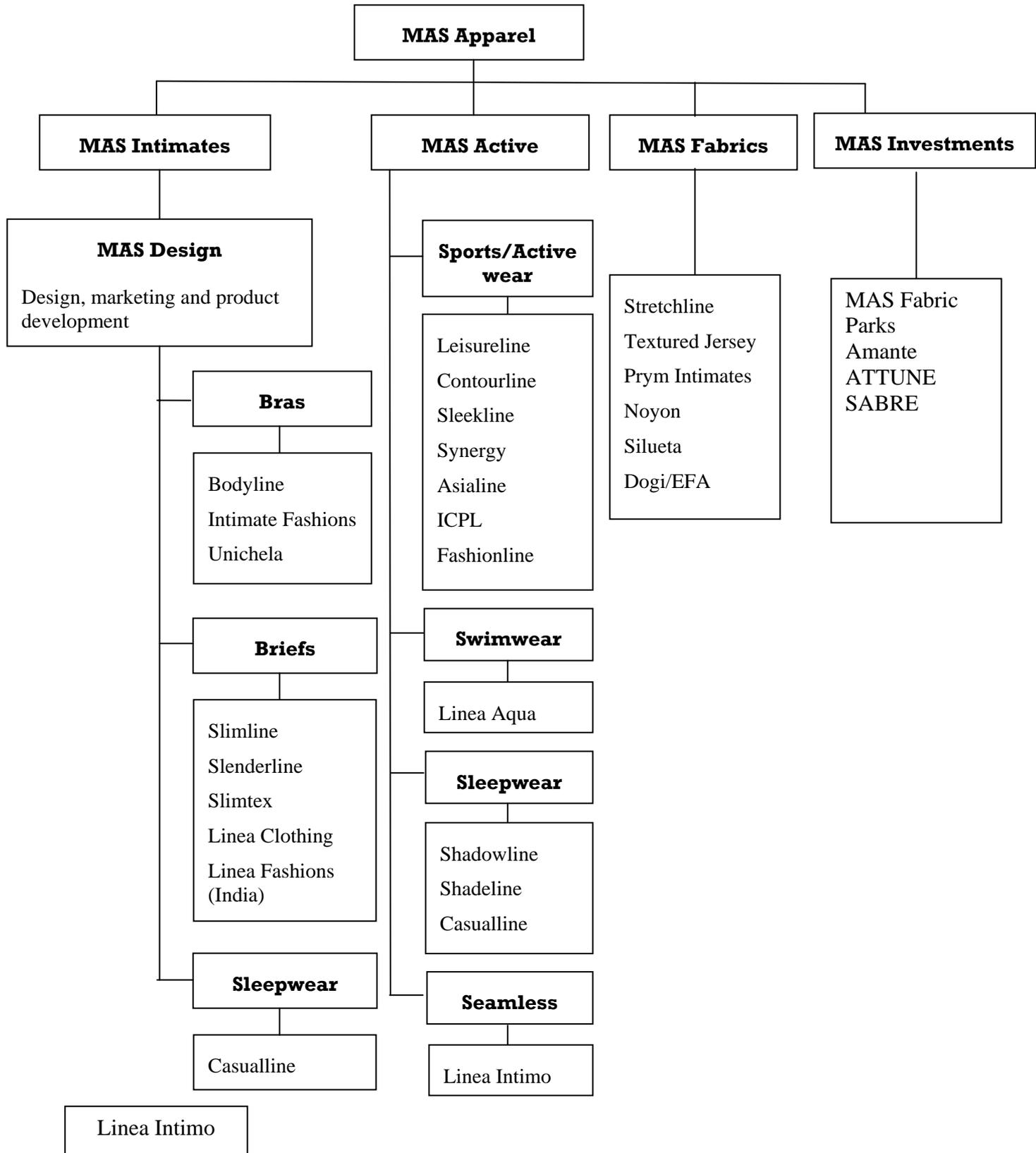


Exhibit 3, cont.
Company Structure Illustrated by End Product



Exhibit 4
MAS Factories in Sri Lanka



Exhibit 5
Sri Lanka: Country Profile

Sri Lanka

Sri Lanka is a free, independent and sovereign nation with a population of about 19 million located on a teardrop-shaped island of 65,610km². Its annual per capita GNP is US\$870. Since 1977, the country has become more market-oriented, especially in terms of its economic policies and trade laws. State privatisation has waned as foreign investment and export-oriented trade has come to the forefront. Although it suffered a brutal civil war beginning in 1983, Sri Lanka has seen GDP growth average 4.5% in the last ten years, with the exception of a recession in 2001.

In December 2004, the Asian tsunami struck the island, claiming more than 30,000 lives, leaving more than 6,000 missing and an astonishing 443,000 displaced persons. The country suffered an estimated US\$1.5 billion worth of property damage. Growth, partly spurred by reconstruction efforts following the disaster, reached 5% in 2005 and more than 6% in 2006.

The most dynamic sectors in Sri Lanka are food processing, textiles and apparel, food and beverages, port construction, telecommunications, and insurance and banking. In 2005, plantation crops made up only about 15% of exports (compared with more than 90% in 1970), while textiles and garments accounted for more than 60%.

Language

Sinhala is the official and national language of Sri Lanka, used by about 75% of its inhabitants. Tamil English is also a national language, commonly used in government and by about 18% of the population. Other languages and dialects are still used in remote villages.

Ethnicities

Sinhalese	74%
Sri Lankan Moors	7%
Indian Tamil	5%
Sri Lankan Tamil	4%
Burgher/other	1%

Religions

Buddhist	69%
Muslim	8%
Hindu	7%
Christianity	6%
Unspecified	10%

Sources: Sri Lanka Tourist Board (www.srilankatourism.org) and CIA World Fact Book (www.cia.gov/library/publications/the-world-factbook/index.html).

Exhibit 6
MAS Women Go Beyond Sample Certificate

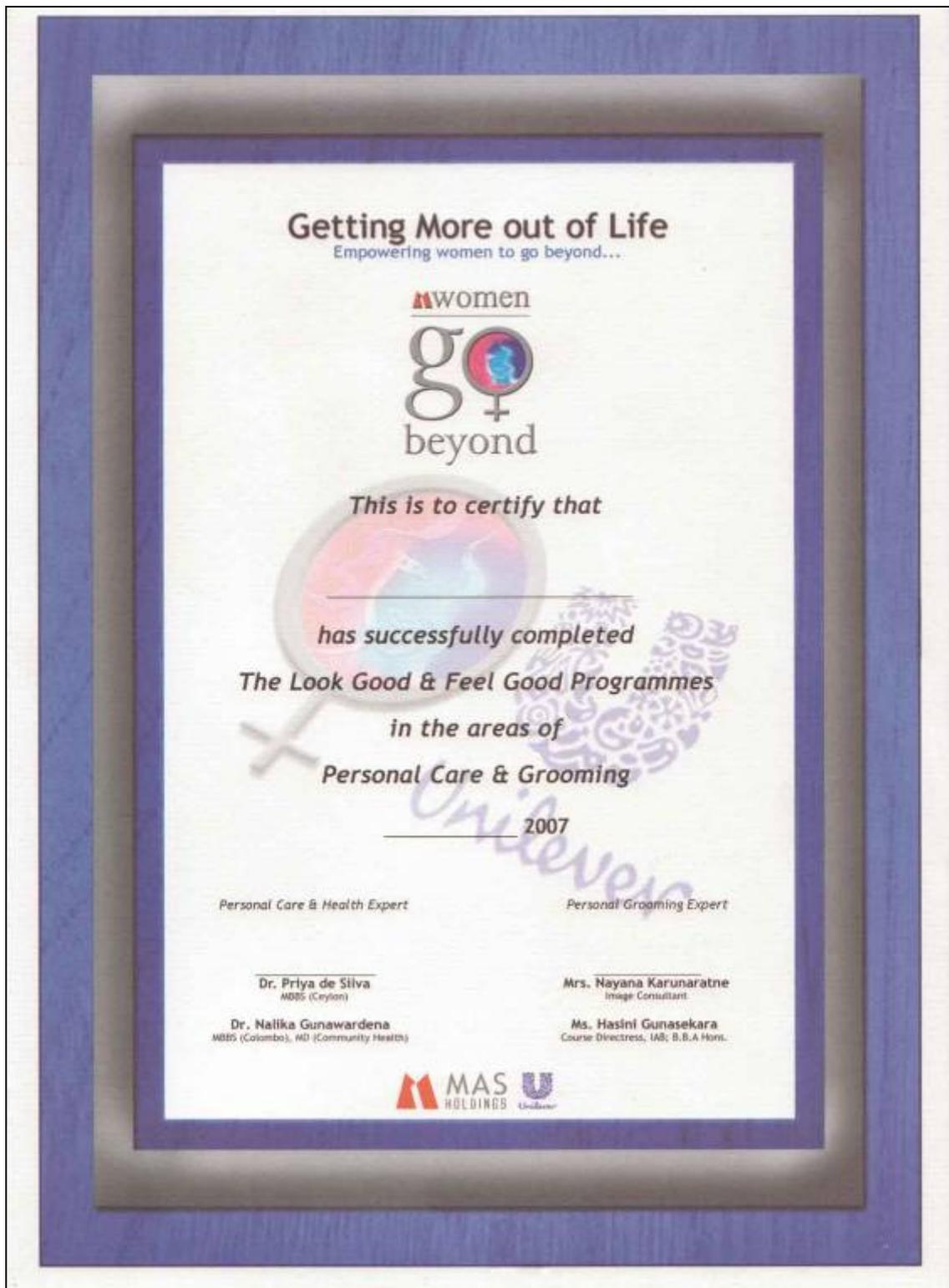


Exhibit 7
*Details Concerning the Women Go Beyond Program:
 MAS Eco Go and Gap Go Beyond*

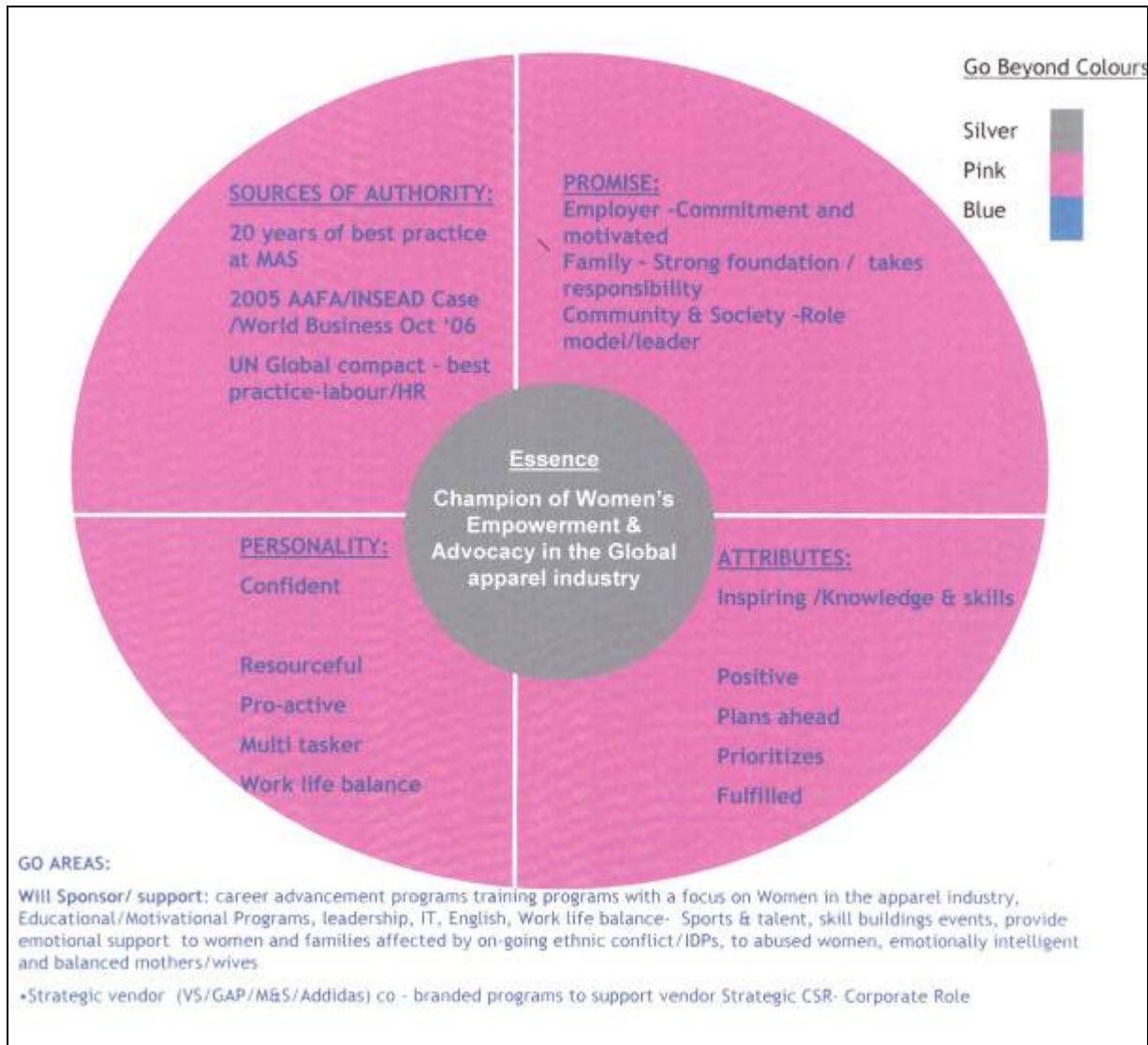


Exhibit 7 (cont.)

Implementation of Women Go Beyond Programme

Career advancement training and knowledge building	<p>Training in English language, computer skills</p> <p>Training in financial management, personal and professional (HSBC – MAS Program on Money Management)</p> <p>Soft skills; presentations, time management and leadership</p>
Work-life balance	<p>Personal care and beauty training</p> <p>Health and hygiene – reproductive health, 5S, HIV and STD awareness and nutrition (Go Beyond Unilever ‘Getting more out of life’ programme)</p> <p>Balancing multiple roles as caregivers (‘Balancing the multiple roles of a woman’, ‘Empowering Women with Emotional Intelligence’)</p> <p>Special programme for pregnant employees, encouraging male involvement in parenting</p> <p>Encouraging sport at MAS</p>
Rewarding excellence at MAS	<p>Quarterly awards based on achievement at plant, regional and national levels in areas of career advancement, sport and arts</p> <p>Annual award – each plant to reward a woman who reflects the Women Go Beyond definition of an “empowered woman,”* thereby creating role models</p>

*Under the Women Go Beyond programme, an “empowered woman” is defined as a woman who is secure in the knowledge of herself, her abilities and is able to maintain the balance of fulfilling her career aspirations with the demands of her personal life.

Gap Go Beyond Community Outreach Programme

Programmes to advance entrepreneurship	Women’s Chamber of Commerce/ SMED 5-day workshop on entrepreneurship
Advancing sporting talent	Support a national track and field poolist from the community
Advancing academic talent and sustainability	<p>Support the best A/L student selected for university entrance</p> <p>Inculcate sustainable development UNEP YXC (youth exchange) in schools in the target community</p>
Rewarding excellence of women of achievement in the community	<p>Annual award for the “Most outstanding woman of achievement in the community”</p> <p>Best school in the community activating sustainable development</p>

Exhibit 8

Statistics for Activities and Investments in Women Go Beyond Programme 2005-2006

Total programmes conducted 2006	616
Total people impacted YTD Dec. 2006	205,793
Monthly av. of SBUs activating GB	13
Total cost to MAS SBUs 2006	US\$57,600

Type of initiative	No. programmes 2005	No. impacted 2005	No. programmes 2006	No. impacted 2006	Increase in programmes (%)
Training for career advancement	94	9,382	115	14,417	18%
Work/life balance	312	85,956	313	65,308	–
Community-based	49	9,317	55	8,510	11%
Rewarding excellence	27	6,312	44	23,867	32%
Branding	67	29,198	89	93,691	21%
TOTALS	549	140,165	616	205,793	
Total cost to SBUs	US\$41,200		US\$58,000		
No. of active SBUs	11		17		

Exhibit 9

Women Go Beyond – Quantitative Survey Results and Targets for 2008

Operatives	2006 Sample size: 1,541	2007 Sample Size: 3,263
Awareness of logo (Sinhala)	91	93
Familiarity of WGB	82	80
Level of participation	52	41
Making a positive difference	71.43%	85.70%
Helping you to go beyond	68	68

Supervisors	2006 Sample size: 345	2007 Sample size : 623
Awareness of logo (Sinhala)	95	92
Familiarity of WGB	81	84
Level of participation	41	42
Making a positive difference	63%	84.20%
Helping you to go beyond	55%	66%

Managers and Directors	2006 Sample size: 97	2007 Sample size : 207
Awareness of GB programme	67	78
Understanding of GB programme	61	56
Go Beyond as a differentiator (Sri Lanka/India)	73	74

Source: MAS Holdings.

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