Book Review by Antony Upward, Student #211135423
"Branded!" by Michael E. Conroy, 2007

I approached this book with considerable scepticism and hope. Its cover claim and sub-title "how certification is transforming global corporations" seemed over blown, even in terms of today's hype filled book subtitles! How could certification create transformative change? How could certification create changes that would make organizations less unsustainable, or even perhaps sustainable? On the other hand, here was a message of hope: if certification could achieve these goals on a global basis with trans-national corporations, where no national or global government had succeeded, this would be a very positive development.

My scepticism was in two parts. Firstly: In the early 1990's I was project manager for the creation of an ISO9000[1] auditing business within KPMG, the international audit and management consulting firm. At the time I was well aware of the aims of "Total Quality Management" (TQM) movement and its history (Aguayo, 1990; Deming, 1986). Further, being inside an international accounting based management consulting organization I had gained a good understanding of the vital role of 3rd party assurance in establishing trust between parties in the economic sphere.

So as I started to read this book I was well prepared to understand the value of 3rd party certification of some aspect of an organization: it ought to give the organization's stakeholders an assurance that the organization was complying with a desired standard of behaviour or outcome. If those standards required behaviours that were less unsustainable, or sustainable, then in theory certification to those standards would be very useful.

But, in practice, reading the ISO9000 standards it is often hard to see how the standard would create the conditions where quality products or services would be the inevitable result. Although clearly not the intention of the standard, nor the best practice for its implementation, the common

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[1] ISO9000 is a series of internationally defined and agreed standards which describe why and how an organization can establish a quality management system (QMS). A QMS is believed to be a significant contributor to organizations reliably producing products and services of a specified quality.

understanding of implementing an ISO9000 compliant Quality Management Systems (QMS) is: "say what you do, do what you say" (Liberman, 2010). This focus on activity not on result leaves ample room to implement an ISO9000 compliant QMS without changing anything about the quality of an organizations product or service.

In this respect, the ISO approach to assurance contrasts sharply with accounting assurance. There has been ample evidence of the short comings of accountants and accounting standards and auditing processes over the past 10 years. However, fundamentally, accountants test to ensure the financial reporting of an organization both reflects reality and complies with the applicable standard. This gives users of audited financial statements significant (though not total) mitigation of misrepresentation and related risks. With an ISO 9000 audit, the auditor checks to see if the organization is following the organizations QMS (which must be designed in compliance to the standard). This gives limited mitigation to customers and other stakeholders that the product or service of that company is actually of an appropriate level of quality. Customers and stakeholders still have to trust that there is a connection between an organizations commitment to obtaining the ISO9000 certification (admittedly not a small undertaking) and the use of the QMS to create products and services of quality.

Clearly for certifications to impact people and planet they have to look more like financial auditing than quality systems auditing – focusing on whether or not outcomes where being achieved, not just that processes were being followed.

The second reason for my scepticism concerned whether the certification standard could evolve over time. Like any human endeavour, creating a standard involves using the knowledge of the people at hand, at that moment time. Even assuming you involve world-class experts, and those experts collaborate effectively to include in the standard all the relevant perspectives on current knowledge, the standard still can only reflect current knowledge. How could these "transformative" certifications schemes deal with the reality that in many (most?) situations we know we don't know all the relevant facts. Even if corporations were prepared to accept being certified to an initial standard, and undertake the required "transformation" to achieve that

certification, how would they react 5, 10, 15 years later when scientific knowledge had advanced so that the standard need to change, perhaps dramatically. Would corporations be willing to transform again? Would the certification process be able to compel them to do so? What if the scientific evidence suggested that a company or industry was incompatible with multi-generational environmental, economic and social sustainability?

With these hopes and scepticisms in mind I wanted to understand the qualifications and experiences of the author. Did he have the credibility to support the sub-titles claim? Michael Conroy brings a deep academic and practical experience from nearly 40 years in academia, various Non-Governmental Organizations (NGOs) and consulting organizations. His background in economics gives him a solid grounding on the motivations and weaknesses of business. His background in Latin America brings an appreciation of the North / South divide which so often features in global trade and equity issues. His experience in funding NGOs enabled him to work closely with a variety of other NGOs who wanted to see business change. Finally, he personally attended many of the key meetings where certification schemes where conceived, negotiated and founded; subsequently he has been involved in the governance of several of the resulting certification schemes. (Anonymous, 2008a; Anonymous, 2008b)

It is clear from the opening pages that the author is committed to finding ways to improve the well-being of the human race and hence the requirement to protect the environment. However, his chosen lever to help achieve this goal is primarily economic.

His premise is simple: national governments are not able to regulate and control large national and trans-national companies, but NGOs, who are as globalized as companies, can (p. 38 Collaborative Governance). The NGO's lever: their ability to create a new type of risk for companies which can only be ameliorated through changes to those companies' activities as verified by independent third parties.

Conroy, based on his economic background, suggests that the aestheticism of modern capitalism has caused a shift in the basis of the financial value of many publically traded companies and this exposes them to a risk which NGOs can exploit.

Historically the market value of these companies was based on current and future revenue. Now capital markets understand that the source of these revenues is the customers' perceptions about a company and its products. In other words, the company's brand drives a company's valuation. The value of the brand as a percentage of market capitalization for many companies has been increasing steadily, with the top brands being worth 40-80% of the total market capitalization (p. 9).

Ironically it is the aesthetic nature of brand which makes it such a good target for NGOs. Brand is ephemeral and outside the direct control of companies. It is created by information flows and the resultant emotions of people through a well understood process: marketing.

This leads to Conroy's next premise: NGO's could relatively easily destroy brand value by marketing the negative aspects of a company's behaviour on people and the planet. Given the direct impact such a marketing campaign would have on the value of a company, that company, and by implication all others who felt at risk to a similar attack, would need to respond.

Further, the brand of NGO's is higher and stronger than that of companies or governments. People trust NGO's more (p.56). The brand strength of the NGO's can not only be used to credibly highlight bad behaviour it can also be used to mandate acceptable resolutions. If a company doesn't behave in the way the NGO likes, the NGO simply continue their attack on the company's brand. The company is left with a stark choice: change as the NGOs suggest, or see a significant financial hit.

This is the language business understands. No longer is the NGO talking in terms of externalities to a business, they are attacking the heart of a business – its financial value. It is this ability to connect an externality an NGO cares about on behalf of civil society to the financial world of business that I believe is the key innovation of the certification movement.

But Conroy makes the case that there is a catch: its not just companies that have will have to change, NGO's must change too. Once they have started to destroy the value of a brand NGO's must quickly shift from an adversarial role to one which works with all the stakeholders to establish and monitor acceptable behaviours for the companies. Indeed Conroy makes a good case that it is the quality of this stakeholder collaboration over long periods of time which is the significant determinant of the timely success of any given certification scheme.

These recommendations are supported by the author's very thorough analysis of the history and future of certification schemes in 9 global industries: forestry, commodities (coffee, fruit, etc.), finance, tourism, mining, fisheries, chemicals, apparel and big box retail. This analysis, which occupies two thirds of the book (over 200 pages), is where Conroy's experience and direct involvement in the development of the certifications he analyzes comes through most strongly, lending enormous creditability to his conclusions and recommendations.

This analysis is also the basis for Conroy's mostly unstated goals for the book: to give NGO's and companies who are at any stage of the certification journey a thorough set of "lessons learned". In this way he clearly hopes to both increase the number and effectiveness of the existing and all future certification attempts. I believe he will have significantly contributed to this goal.

Conroy doesn't go as far as developing a theory of certification. However, he does present many elements of a theory: a maturity model for the introduction and evolution of certifications (p.23); key steps and approaches (pp.17-18, ch.3), observations on challenges and opportunities (ch.10), as well as criticisms of the concept of certification (p.24) and limits of its applicability (ch.13). Clearly there is amply room for further academic study of the certification phenomena.

In closing, overall I am convinced by the claim of the of the books sub-title: certification is significant, perhaps even revolutionary. It is causing major, perhaps even transformational change to global industries and we are starting to see measurable improvements to people's lives.

Further, this is something no other single mechanism has been able to achieve; certainly not our traditional sources of control over the markets: governments and their regulators.

My first scepticism regarding the impact of 3rd party certification and auditing processes were dispelled. While Conroy acknowledges there are limits to what certification can achieve, the idea that commercial enterprises and NGO's working together in a certification process can reliably produce real changes appear valid. Further, not only is certification changing the way many industries behave, it has the potential to change many more.

Supporting my hopes, and generalizing Conroy's own observation on the largest, earliest and most successful certification scheme to date, the world is clearly better with certification than without it (p.95).

However, in closing, I am left with the second scepticism. Even for the most mature of the certification schemes discussed, it is unclear in the long term how much reduction in harm to people and the planet they will achieve. Will the changes certification is making lead to sustainability or simply less unsustainable behaviour? The jury is still out.

Developing certification schemes, implementing them and then seeing measurable results in societies and environments takes time, probably measured in decades, perhaps lifetimes. Many of impacts of the complex inter-related crises facing humanity highlighted by the Brundtland Commission report[2] are much nearer term. So, it seems unlikely that certification will prevent the near term impacts on human societies of our current exploitation of the planet.

Further, as our scientific (natural, biological, social) understanding of sustainability becomes ever more complete, will certification be able to force commercial enterprises to make systemic changes – up to and including voluntarily stopping whole areas of commerce which are unsustainable at any levels of scope and scale? For example, is it plausible that certification could stop or fundamentally change the bottled water industry or the big box retail industry?

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[2] United Nations General Assembly of the Report of the World Commission on Environment and Development (the Brundtland Commission) "Our Common Future", 1987.

I'm sure the NGO's will try to use existing and new certification schemes to this end, and this book offers an excellent road map. I wish them success, and I commit to playing my part to support the campaigns and certified products.

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