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In John Cleese's smash hit *A Fish Called Wanda*, Kevin Kline's character Otto simply couldn't apologise. It was a symptom of his irreversible maniacal psychosis. No matter how hard he tried - the words "I'm sorry" couldn't seem to come out. Until he had no choice, having almost killed his love rival (Cleese) by accident in one of the film's most farcical scenes.

Last month, Nike, one of the world's most iconic brands and largest companies, apologised. Very publicly. The firm that only a few years ago was the icon of corporate irresponsibility has been all over our screens and newspapers saying sorry. In its first corporate responsibility report for a number of years (the delay caused by an ongoing court case following dubious claims the last time Nike released one) Nike's founder and Chairman, Phil Knight, very openly and humbly apologised for past misjudgements. He didn't just apologise for the company, but took personal responsibility. Moreover, he acknowledged there are still problems with the way the people who make our trendy Nike gear are treated in factories around the world. And he published a global list of names and addresses of all Nike's manufacturers and suppliers (more than 700). If Nike once retreated to the bunker and shifted blame, today the company has opened its books and admitted that it bears responsibility for the way in which its entire supply chain operates. The activist's dream target has become the proof that activism works. Nike has proved that CSR isn't an optional extra.



A first rate approach

Some will view this development with cynicism and suspicion. Certainly the lens of scrutiny will not disappear overnight. Nor should it. But sometimes companies deserve a pat on the back (no matter how bad their past wrongdoings) and there are few better examples than this. The bar has been raised in terms of corporate transparency. The whole CSR needle has shifted a little further in favour of openness and honesty. For what we are witnessing is one of those big gestures that shift agendas. They don't happen often, but when they do the world notices. It's not about PR, but PR is at its best when there is real substance behind it. In the case of Nike this month, there was substance aplenty.

Nike is not the first company to preside over a large agenda shift. Not even in its own sector: Gap, a similar target, started to publish details of its supply chain manufacturers last year and withdrew contracts from the worst offenders. BP shifted the corporate agenda on climate change back in 1997 when John Browne acknowledged the company was part of the problem and pledged to become part of the solution. Unilever, one of the world's largest seafood buyers, shifted the global fishing industry in favour of sustainability in the mid-90s, and Rio Tinto's leadership of the Global

Mining Initiative did the same for the extractive industries. But that does not undermine the value of Nike's decision. Their handling of the decision was first rate for the following reasons:

- The apology was real. And it bore the personal stamp of the company chairman.
- The tone was human. Interestingly, Nike's new CSR report does not, like so many others, begin with the 'Chairman's Foreword'. It is called 'Phil's letter'.
- Mistakes were catalogued in detail. And ongoing problems openly disclosed.
- The report's detailed information was backed up with evidence of truly independent observers from trade unions, NGOs, academia and the business community.
- The document charted a course for the future against which the company can be judged.

This last point is perhaps the most significant. It presents Nike with its greatest challenge and its most promising opportunity. It is one thing for the company to have hung out its dirty laundry for all to see. Demonstrating real and tangible improvements is going to be even harder. But at least there is now an incentive for Nike to do so, since they will not be forgiven if they slip up again.

Like many human beings, too often corporations fear the consequences of apologising even when they know they are at fault. Understandably, in a tough competitive world businesses often do not want to admit they sometimes get it wrong. They fear that investors and regulators, not to mention NGOs, will seize upon the perceived weakness of their strategy if they say sorry. The question companies need to ask is whether an apology will draw a line under past mistakes or simply fan the flames for renewed assaults on their reputation. The Nike experience suggests the former, provided they live up to the enormous expectations they have now created. As the American theologian Tyron Edwards put it, "Right actions in the future are the best apologies for bad actions in the past."

Nike must have thought long and hard about how to resurface from the dungeon of unaccountability. One can only imagine the internal debates about the pros and cons of apologising so publicly. In this case, my hunch is that this corporate apology will turn out to be an asset to Nike, rather than a liability. It is hard even for the most single-minded activist not to see Nike's CSR report as progress.

Corporate apologies are not always sincere. Nor are they always warranted, as sometimes companies are unfairly placed in the dock when there is nothing to apologise for. This was not the case with Nike. As Phil Knight might have said to his staff: "Just do it". Well now they have, and the world is a little better for it.

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