



Book Good for Business

The Rise of the Conscious Corporation

Andrew Benett, Cavas Gobhai, Ann O'Reilly and Greg Welch
Palgrave Macmillan, 2010
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Recommendation

“The public has lost patience with corporations that treat people badly, damage the environment without concern or consequence, and line the pockets of their senior executives while taxpayers are losing their jobs and homes.” So say authors Andrew Benett, Cavas Gobhai, Ann O’Reilly and Greg Welch. People are demanding that companies contribute to the global good. Firms that refuse will suffer damage to their reputations and, ultimately, their bottom lines. *BooksInShort* recommends this idealistic book to those who would bring about the “rise of the conscious corporation” – or, at least, to those who would like to head in that direction.

Take-Aways

- Corporations generally have pursued profit without giving back to the global community.
- A 2007 Gallup poll showed that consumers’ faith in Big Business has hit an all-time low.
- The Internet gives consumers a voice and access to brand and product information.
- “Conscious corporations” have “a purpose beyond profit, a people-centered culture, a sustainable approach to business and respect for consumers’ power.”
- Being a “do-gooder” is good for business.
- A brand’s reputation affects every aspect of a company’s business.
- “Leaders of Tomorrow” articulate a “compelling vision, establish a foundation of trust, stay real and invite people in.”
- Encourage your employees to be your online brand ambassadors.
- Base your business decisions on a clearly stated vision.
- Conscious corporations embed a “Useful Statement of Direction” (USOD) in their company culture.

Summary

“Natural Persons”

Until the end of the 19th century, under the law, American corporations had to act in the interests of the public good or risk losing their charters. One seemingly innocuous note in the transcript of an 1886 Supreme Court case changed all that. Court reporter J.C. Bancroft Davis noted that Chief Justice Morrison Waite remarked that the court would assign corporations the same rights as “natural persons.” The result of the comment, even though it wasn’t in the formal opinion, is that corporations became entitled to the same rights enjoyed by citizens, including “due process, privacy and free speech.” This allowed corporations to pursue profit unfettered by government oversight. “The largest corporations have been accorded many of the rights and privileges of human beings without necessarily adopting a humanlike conscience or human mores.”

“The notion that corporate ‘do-gooding’ is antithetical to profits has been turned on its head.”

According to a 2007 Gallup consumer confidence poll, people’s faith in Big Business has reached an all-time low. Several factors have combined to create a “unique window of opportunity” for companies to take on the role of “global citizens.” People are willing to give corporations a chance to redeem themselves because:

- **“Government has historically fallen short”** – The US government response to overwhelming fiscal and natural disasters has been slow and inadequate.
- **“Consumers live closer to business”** – Companies seek to create an emotional connection between consumers and their brands. The result is that people care about the products they use, wear and eat. People identify with brand images and therefore expect brands to behave in line with the values they project.
- **“The empowered public demands payback”** – Consumers want corporations to use their wealth and power to benefit the global community.

“Consumers are every bit as hungry to connect with brands as the brands are to connect with them.”

Big Business must respond to the demands of consumers. Due to the Internet, consumers have more access to information than ever before in history. They look for the best deals on the web, consult expert bloggers, and read and write consumer reviews. Companies are no longer in control of their messages. With a click of a mouse, people can voice concerns and criticisms about a company to thousands of invested consumers. Users believe the opinions posted by ordinary people and remain skeptical of what a firm says about its own offerings. Companies that reflect a concern for the environment, simplicity and authenticity will gain trust and loyalty.

“The Four Cornerstones of the Conscious Corporation”

For a long time, when companies gave back to their communities, they were acting out of a public relations effort. Today, however, “Leaders of Tomorrow” (LOTs) are beginning to grasp the value of “enlightened self-interest.” In the current climate, successful companies will align their strategies with the four cornerstones of the conscious corporation: “A purpose beyond profit, a people-centered culture, a sustainable approach to business and respect for consumers’ power.”

“While the humanization of the corporate world might have been welcomed at earlier points in history, it is even more deeply needed today.”

Making a profit is not the only reason for conducting business. Enduring corporate brands engage employees and cultivate goodwill by having a clear vision that promotes the greater good. Being a “do-gooder” can be good for business. Google, now worth more than \$85 billion, operates under the motto “Don’t be evil.” In the United Kingdom, Innocent Drinks’ slogan is “Leaving things a little better than we find them.” Whole Foods Market offers a surprisingly successful corporate philosophy: “Whole foods, whole people, whole planet.”

“The brands we own – especially the brands we love – tell a story about us that goes far beyond the contents of our home offices, refrigerators or garages.”

Conscious corporations treat their employees well and their customers fairly. When Bob The Fish, a company in Florida, ran out of an item during the holiday rush, it emailed customers an apology, offering a refund and a free hat or T-shirt. Companies are reconsidering compensation programs in reaction to the public outcry against CEOs who pay themselves millions while laying off employees; Whole Foods responded by setting a ceiling for executive compensation.

“Corporations were originally formed not to line their own coffers but to benefit the greater good.”

Conscious corporations care about the environment. In 2005, General Electric (GE) launched its “ecomagination” project, an effort to invest in clean technology, focus on green products and reduce its carbon footprint. Walmart also profits from environmental programs. In 2005, it began its “Embrace the Earth” initiative to save money, improve its image, and influence and educate customers. The company has saved billions of dollars by using environmentally sound packaging.

“It is a paradox of the modern business world that the more complex an organization becomes, the simpler its brand vision need be.”

Instead of talking at consumers, companies need to engage in the ongoing online conversation. The “new rules of engagement” include informing consumers of company actions, beliefs and policies, responding to their concerns, and inviting their input, feedback and participation.

Corporate Culture Revisited

Business executives understand that a brand’s reputation affects every aspect of a company from hiring, retention, pricing and investor commitment to its relationship with the media. Nurturing brand reputation is an ongoing process and a vital element of corporate strategy. How employees and external stakeholders perceive a company is crucial to its success. When the documentary *Super Size Me* hit theaters in 2004, it damaged the reputation of fast-food giant McDonald’s. The company attempted to regain consumer trust by improving the nutritional content of its offerings and promoting the benefits of physical activity.

“Everything communicates, especially in today’s hyperconnected environment.”

The right social initiative can enhance a brand’s image. The more a company’s corporate social responsibility (CSR) program aligns with its core business, the bigger the boost to its reputation. For example, MTV promotes youth activism, a natural fit for its brand.

CSR campaigns also need the full commitment of upper management and sufficient resources to succeed. When GE began the ecomagination program, CEO Jeffrey Immelt became the public face of the initiative. He enlisted environmentalists’ input in the program’s development. Concerned consumers want to know what the businesses they buy from are doing to improve the world, so don’t be shy about promoting your company’s worthy projects. Leading firms inform the public about their activities. GE executives issue quarterly reports to the public about the progress of the ecomagination program.

The People Behind the Brand

Today’s bosses don’t get ahead by bullying employees. Instead, they lead and collaborate, listen and consider. Following that pattern, the Leader of Tomorrow exhibits

four characteristics; he or she:

1. **“Articulates a clear and compelling vision, and lives the brand values”** – LOTs must personify their brands’ principles and beliefs. They reflect those values in their management style, decision making and personal behavior. Tony Hsieh, the CEO of Zappos, identified 10 core company values. He infuses them into every aspect of the business and evaluates employees by how well they adhere to his principles.
2. **“Establishes a foundation of trust”** – The share value of Boeing rose significantly when Jim McNerney Jr. joined the company as CEO. McNerney brought a reputation for honesty and integrity from his previous work at 3M, GE and Procter & Gamble.
3. **“Stays real”** – Leaders of Tomorrow are accessible, compassionate and approachable. They encourage honest feedback and collaborative processes. Richard Tait, “Grand Poo Bah” of Cranium, Inc., encourages a fun-infused culture and allows managers to create their own job titles.
4. **“Invites people in”** – Just as they’re accessible within the company, LOTs are interactive and transparent with the outside world. Hsieh uses Twitter to connect with followers throughout the day, keeping them posted on his personal and professional activities.

“More than shareholders, government, or the media, consumers are the stakeholders that increasingly will determine whether a company lives or dies.”

The generation entering the workforce in the second decade of the 21st century differs significantly from the generations that preceded it. Millennials, born between 1977 and 1995, are motivated by different incentives than their parents. Salary, stability and status take second place to personal achievement, contributing to the communal good, and receiving positive feedback and instruction. Companies that recognize these differences are ahead of the game. They enjoy an elevated level of worker engagement, reduced turnover, increased employee output, higher profits and stronger relationships with customers.

“People-centered cultures don’t consider workers disposable.”

Consumers share their experiences with a brand, positive or negative, through their online networks. Employees also should make use of the Internet to talk about their jobs and their company. Some corporations such as Apple Computer try to limit employees’ outside communications, but that’s as impractical as trying to keep smoke in a box. “The reality is, no business – or organization of any sort – can retain absolute control over its information.” Instead, companies of the future will embrace the idea of employees serving as online brand ambassadors. Employees can humanize the brand by telling stories of their personal experiences, which may yield more credibility than any marketing department’s carefully crafted messages. Zappos’s Hsieh exemplifies corporate transparency by encouraging employees to tweet throughout the day. Sample tweets from March 2009 include:

- “Ooh free hamburgers served up at Zappos today, yep we are spoiled/blessed. Thank you!!!”
- “New Callaway Hyperbolic golf shoes are live on Zappos!”
- “About to meet with 43 local high school students to talk about Zappos culture and hiring.”

Nurturing the Brand

Successful companies develop a clearly stated vision and base all their business decisions on it. Conscious corporations create a “Useful Statement of Direction” (USOD) to unify their overall objectives. The process entails defining the organization’s destination, the course it will follow to reach that destination, the resources it will use and the values it will adhere to along the way. An effective USOD is focused and specific, easily understandable and inspiring. Great USODs include those of:

- **Ritz Carlton** – “We are Ladies and Gentlemen serving Ladies and Gentlemen.”
- **Pedigree** – “Dogs rule. Everything we do is for the love of dogs, from the dog food we make to the dog adoption drive we support.”
- **Amazon** – “To build a place where people can come to find and discover anything they might want to buy online.”

“The value of reputation has never been higher.”

Embed your compelling, succinct and unifying USOD in your corporate culture via a “push-pull” strategy. The CEO and upper management should push the key features, explaining the reasoning that supports the statement. The USOD is not debatable. Executives pull employees by encouraging participation, engagement and ownership of the mission statement. For example, part of the USOD of Burt’s Bees is an unwavering commitment to environmental consciousness and sustainability efforts. The company formed the ECOBEES group, with the goals of “delivering zero waste to landfills and being fully powered by renewable energy by 2020.” The firm encourages 100% employee participation in this effort.

“What once was the view of a leftist fringe is now mainstream thinking.”

Strong brand management practices pay off in a variety of positive ways. An easily recognizable brand creates a platform from which the company can communicate information not only about its products and services, but also about its CSR initiatives. A powerful corporate brand provides cost advantages in expansion, distribution and marketing. An articulate USOD resonates with employees, providing a shared feeling of mission and validation. A compelling brand image humanizes a company, offering a clear sense of its culture and purpose.

About the Authors

Andrew Benett, Cavas Gohbai, Ann O’Reilly and Greg Welch also wrote *The Future of Men, Buzz and Next: Trends for the Near Future*.
