

PRAISE FOR
THE CORPORATE SOCIAL MIND

“More and more companies are debating what constitutes a good purpose in a complex world. This book provides practical help in anchoring these debates in a systemic view of corporate responsibility towards society. Studying the cases in the book and following the authors’ framework of traits of companies with a corporate social mind will add depth to these debate and will help avoid the trap of corporate social responsibility activities that are unconnected to the core of the business.”

—**PROFESSOR JOHANNES MEIER, PHD**, board member,
NEW WORK SE, Mercator Foundation,
and Unicef Germany

“An important subject, the right authors, a great book.”

—**DR. KNUT BERGMANN**, Head of Communications and
Head of Berlin Office, German Economic Institute

“*The Corporate Social Mind* is timely, refreshing, and actionable. Derrick Feldmann and Michael Alberg-Seberich ask the relevant questions and give voice to those who start to act. A must-read for everyone who decides to *do* and not just talk about social impact.”

—**JOHANNA MAIR**, PhD, Professor of Organization, Strategy, and Leadership, Hertie School; Hewlett Foundation Visiting Scholar, Stanford Center on Philanthropy and Civil Society; Academic Editor, Stanford Social Innovation Review

“Given today’s challenges, we all need to take a hard look at what it’s going to take to scale impact and drive true change. Derrick’s and Michael’s book inspires today’s leaders to take a fresh and holistic look at current approaches to social impact. At the Ad Council, we see firsthand how this formula—integrating corporate philanthropy, innovation and marketing, and communications—can create powerful ways to engage the public but also drive employee engagement and business results. This book will inspire and motivate all of us to do more.”

—**LISA SHERMAN**, President and CEO, the Ad Council

“*The Corporate Social Mind* is a timely contribution to an important debate about the responsibility of business. Its examples are engaging, the management practices it presents are inspiring, and the questions it raises are important for the future role of business in society.”

—**JOHANNES HUTH**, Partner and Head of KKR Europe, Middle East, and Africa

“For 20 years, Chief Executives for Corporate Purpose (CECP) has been empowering leading companies to build a better world through business. With *The Corporate Social Mind*, Derrick Feldmann and Michael Alberg-Seberich have crafted a must-read guidebook, enhanced by powerful case studies, for anyone interested in clarifying the often murky space between social challenges and corporate strategy.”

—**DARYL BREWSTER**, CEO, Chief Executives for Corporate Purpose

“An increasing number of people expect private businesses to not only maximize shareholder value but also to take over a broader, quasi-governmental responsibility. Some companies are already adopting this new role by leading social change and thereby shaping the future of our human civilization. This book is a brilliant collection of best practices and an excellent summary of the state of the art of the field. At the same time, the book opens up a space for a critical discussion about these recent developments and stresses the importance of collective reflection. A must-read for every conscious individual in our economies, regardless of management level.”

—**LAURA MARIE EDINGER-SCHONS**, PhD, Professor of Corporate Social Responsibility, University of Mannheim Business School; Cofounder, Digital Social Innovation Lab

“An invaluable tool for companies awakening to a higher purpose. *The Corporate Social Mind* offers a unique, multidisciplinary perspective on delivering social impact authentic to your brand and values.”

—**KATIE HUNT-MORR**, Director of Virgin Unite

“For many years we suffered from the social effects of the American shareholder value doctrine. Now, we have Greta. For all these reasons, this book comes as an important handbook with recipes and illustrations of responsible behavior in small and large enterprise at a time of massive challenges for society and companies that should be significant contributors to our sustainability at large.”

—**DR. STEPHAN GOETZ**, Managing Partner, goetzpartners
Corporate Finance

“My philosophy has always been to link sustainability to business issues in order to create value (social, environmental, economic) for everyone. This can only succeed with perfect alignment between who you are, what you say, and what you effectively do. This book is an incredible demonstration of this. An inspiring reading to take action!”

—**FANNY FREMONT**, Executive Director,
Responsible Mica Initiative

“Derrick and Michael have presented a thoughtful, easy-to-consume guide for how business leaders can approach not just incorporating social impact into their companies, but how they can make it central to their strategies. *The Corporate Social Mind* broadens the focus on how business delivers societal impact beyond the critical CSR function and makes it an imperative for all leaders.”

—**RACHEL HUTCHISSON**, Vice President of Corporate
Citizenship & Philanthropy, Blackbaud, Inc.

“In family enterprises, nurturing social minds is part of our DNA across generational boundaries. As the world accelerates and inequality rises, we need to integrate new KPIs to provide society with a more virtuous and better-balanced economic model. Derrick and Michael are providing us with an invaluable toolset of lived experiences and best practices to stretch our minds and provoke ‘social change from the inside out.’ Their book is a must-read for every learning family.”

—**OLIVIER DE RICHOUFFTZ**, President, Business Families Foundation

“*The Corporate Social Mind* is clear, in language and content, filled with sound advice and practical guidance. The call to action is also very timely and urgent: corporate social values should require companies to be present, be practiced, be supportive of society, and be authentic. It provides good guidance for companies to identify the right assets to contribute to addressing societal issues. It offers a mindset shift for effective leaders.”

—**MARIA SERENA PORCARI**, Managing Director, Dynamo Academy Social Enterprise

“The management of a company’s purpose and social engagement is a crucial leadership task these days. Derrick’s and Michael’s book is a good repository for concrete examples of this kind of leadership on various levels of management. Their nine traits should be part of the toolbox of modern day businesses.”

—**BRIGITTE LAMMERS**, Partner, Egon Zehnder

**THE
CORPORATE
SOCIAL
MIND**

THE CORPORATE SOCIAL MIND



HOW
COMPANIES
LEAD
SOCIAL CHANGE
FROM THE
INSIDE OUT

DERRICK FELDMANN
MICHAEL ALBERG-SEBERICH



FAST
COMPANY
Press

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First Edition

To Bis, Paige, and Blair. Thank you for allowing me to do this work every single day. Your love, patience, and support are both overwhelming and heartwarming. I couldn't ask for anything more.

—DF

To my son Johann, who reminded me the whole time how important it is to finish this book. To my family, without whom this book never would have been possible. Thank you!

—MAS

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PREFACE

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We are from two different worlds—literally and figuratively. Derrick Feldmann is a researcher and advisor based in the United States who has been in the social issue and movement space with companies and causes for 20 years, specifically focused on understanding, engaging, and communicating with the public to help them get involved in social issues.

Michael Alberg-Seberich is a researcher and advisor based in Europe who has been in the social issue and impact space with companies and foundations for more than 25 years, specifically focused on designing social impact approaches and strategies with multinational companies, family businesses, foundations, and corporate philanthropy and corporate social responsibility teams.

But what we share is very important. We both work on social issues and helping companies leverage their assets for change.

Ever since we met more than 15 years ago, we've been in heated debates about the importance of social issues and their impact—Michael from the social responsibility side and Derrick from the marketing and communications side. Any time we are in each other's country, it's common for us to meet over dinner (and many coffees) and to end our long discussions with valid points on the importance of both sides. We agree that to make real progress, a

company has to move beyond whether one way is right or wrong and simply work together closely with civil society, government, and other companies, even though it's sometimes hard.

In our work together, we've realized something else, too. Both functions—corporate social responsibility, social innovation, and impact teams; and marketing and communications—lack an understanding of each other's work and some of the fundamental approaches to how each should engage in campaigns, moments, and movements.

In addition, new trends in corporate social issue engagement have been combining efforts of both functions, so that corporate social impact work and marketing/communications are both asking one another for data, insights, and strategies in order to be able to address social issues. This type of social issue involvement can be a key area for internal collaboration and innovation.

Therefore, we set out to create a book that would allow people from both sides to move beyond their own ways of thinking and operating and come together to address social issues through a mindset that embeds certain traits into the daily work of companies beyond just role and function. While this enhanced mindset redefines the company's approach to social issue engagement, it also removes internal barriers to addressing social issues with consumers, communities, stakeholders, and the public. It creates a collaborative space for something new with business and social impact.

The Corporate Social Mind is intentionally set up to be referenced during internal conversations about values and purpose, public social issue engagement, consumer-based marketing campaigns with causes and social issues, and leadership development programs for corporate employees that involve or incorporate community engagement methods.

The book provides a snapshot of many actual global examples and stories from companies working with this different mindset. Some of these companies you know, and some will be new to you. We focused on companies and initiatives—regardless of their size, location, and reach—that are making an impact on the issues they address. This is for all our benefit, because working on social issues requires insights from all types of companies and from all parts of the world.

We also recognize the bias we bring to this book due to our focus on global companies that are primarily European and United States businesses. We know more cases around the world can be shared among leaders striving for deeper social issue impact, and we hope this book will help bring those examples forward for us to promote, highlight, and use to ignite new conversations and even potentially create new traits for the corporate social mind.

In trying to help both sides understand a new mindset for addressing social issues, we realize that our social issue expert/research colleagues will unlikely be satisfied by our coverage of certain elements in the book that we could not go into deeply enough. Our intent was to introduce a new cultural and strategic approach to social issue engagement by companies. As companies get better at incorporating this new mindset, we will have other opportunities outside of *The Corporate Social Mind* for exploration. Finally, we intend to develop new resources and case studies that allow for deeper dialogue in the future at corporatesocialmind.com.

This is a great time for you as a leader to address social issues with a new mindset—a Corporate Social Mind. So, welcome, and thank you for reading. Don't forget to join the conversation using **#corpsocialmind** and visit **corporatesocialmind.com** for new/updated resources.

NOTE FROM DERRICK FELDMANN

I can remember stories from when I was growing up of what it would mean to own a business and make money. From parents to early mentors, people would talk about the fulfillment you get for yourself and your family when you can buy that house, get that new car, or start checking things off your bucket list. This, as so many people would say, is when you know you have, in their words, “made it.”

I bought into that notion.

In college, I would constantly think about living out this dream that others defined as success. I would present ideas to anyone who would listen. As does any aspiring entrepreneur, I thought I could create a viable business and then, somehow, it would take off and make everything possible.

However, as I became more educated about the world’s problems and began to have more experiences outside the comfortable bubble I was used to, I realized that there was more to business than what others were telling me. Although I understood the need to make money, I decided not to let money define the role I saw business taking in society. I slowly began to see that when I bought

something, experienced a service, or, quite frankly, even watched a movie or advertisement, companies behind those things can and do have a powerful position in our society and culture.

When I buy a burrito and understand a complex food system or when I eat a piece of chocolate and, as a consumer, am informed about the life of a cocoa farmer and the impact of the product on so many others besides just myself, I am the beneficiary of knowledge that I never would have had without the willingness of a company to infuse a social mindset into their decisions to educate the consumer.

This is an example of the convergence of business and society.

NOTE FROM MICHAEL ALBERG-SEBERICH

I never thought I would be co-authoring a book with Derrick, especially a book that incorporates corporate marketing and communications about social impact. But it is clear from my own experiences in my work with so many companies that corporate marketing and communications is clearly intertwined with social impact: In order to be effective today, we cannot avoid working together within the company while also expecting bigger outcomes externally.

My father, a trained industrial engineer and first-generation IT consultant in the 1960s and 1970s in Germany, has been the formative person in my life when it comes to business. He was the person who encouraged me to study what interested me. He was always confident that curiosity and an entrepreneurial attitude would drive a career.

My career started out in the nonprofit and philanthropy sector. From the beginning, my path was about creating positive impact for society. I took this interest into my work with foundations, companies, and investment vehicles at Wider Sense, the consultancy and think tank I cofounded and currently work for. In this

work it became obvious that just a *good* corporate social responsibility, corporate citizenship, or corporate philanthropy strategy, or a *good* way to measure your impact is by far not enough for a company to support social change. I always dreamt of moving these business disciplines out of their silos. In the conversations with Derrick it became clear that brands, communication, and marketing can play a crucial role in enhancing social change driven by business. It also became clear that we should consider this approach as a mindset within a company. This book talks about how some companies have done this and how every manager can do this. It is based on a mindset that my father shared with me—that a business as a whole, from innovation to marketing, can drive positive social change in our societies when it is integrated into the way we do the actual work.



INTRODUCTION

Combining Our Voices to Move Society toward Change

Companies can move our minds and hearts when they help us understand complex issues, or teach us what happens when we take ownership of a failure and build on it for success in the future, or when they push us beyond our own biases to consider something new and unique that is a result of something more than just consuming a good or product.

To help businesses develop this power, *The Corporate Social Mind* will define the traits, values, and industry standards companies must reflect and operate with to be authentic and successful for the people they affect (internally and externally) and the societies they seek to change.

Companies can be the beating heart behind so many of our issues today—if they choose to be. And we, as consumers and professionals, have an opportunity to engage alongside these companies. Our combined voices can truly move society toward change.

Social change comes in many forms, but it is generally agreed that in today's complex world, all sectors contributing together yield greater probability of sustained societal impact than when a brand, government agency, or even a nonprofit goes it alone. The old sayings are true: It is better together, and no one is an island unto themselves.

TODAY'S SOCIAL BUSINESS

More and more businesses today are taking action and being socially conscious. Research continues to reinforce the position that business is vital to solving society's problems. However, though research supports the need for and efficacy of companies to be socially minded, even more (and less acknowledged) reasons exist for companies to engage in society's challenges—reasons that go far beyond the bottom line. They include some internally focused reasons, such as:

- Conducting ethical business practices so as not to harm societies and our world.
- Responding to pressure by shareholders, consumers, and governments to meet certain standards or contribute to the greater good of an industry or citizenry.
- Building a reputation that garners higher brand affinity and loyalty to companies with the needs of society embedded into their internal and external practices.
- Living up to the company's values that contribute to a workplace culture based on purpose rather than only profit.

- Infusing executive leadership interests, experience, and (positive) biases toward certain populations, social issues, relationships, and communities. At certain times in some family businesses, this means fulfilling personal values in the process of directing company resources.

Beyond the interests of the company or internally focused reasons, communities, consumers, societies, and governments push companies to engage in social issues for additional, externally focused reasons, such as:

- Society now expects business to account for the environmental, social, and economic impact one's business has on the planet, the locale in which the company operates, or the people that live, work, and play within the company's presence. Essentially, we must consider the ripple effects that developing, producing, and selling goods and services have on others.
- Employees seek companies that advance societies rather than deter, ignore, or aggravate them. At the same time, these employees seek employers that do the right thing by their own people and communities via respectable wages and earnings, supporting safe and healthy workplaces, and reinforcing proper behavior for all.
- Consumer consumption practices have changed to be more consciously driven, resulting in companies meeting new consumer interests, societal expectations, and safety issues with their products and

services. Balancing consumer demands and convenience with societal issues and expectations—along with corporate product and service methods—is a thoughtful practice that needs consistent iteration.

- Investment opportunities have increased for businesses that focus on social issues along with products and services that fulfill a consumer/business demand. Private investors with a goal of meeting society's challenges are growing in number, and such opportunities for companies of all sizes are continuing to demand new approaches in dealing with social issues and the environment.
- Businesses of all sizes are looking to connect more of their corporate values with the communities they impact. In addition, as business becomes an even more active player in social good, future generations of owners will be dealing with even greater pressures to engage in societal impact projects and initiatives.

All of these reasons contribute to a company's decision to engage, but each alone isn't a reason to make society's challenges a priority for any business. Rather, companies that make a conscious decision to infuse the good of society into their business do so in an effort to make business and society work together in a symbiotic relationship to fulfill the needs of individuals, families, and the places we call home.

EVOLUTION: FROM CORPORATE PHILANTHROPY TO SOCIETAL IMPACT

The phenomenon of business working on social issues has evolved through history as changes in culture, society, and generational perspectives have led to a more deliberate and holistic approach to societal change. These shifts have been triggered by many levers: conflict, natural disasters, new technology development, and global financial market changes, among others.

This has meant moving beyond just the “people, planet, and profit” approach that is often talked about in the field.

Each evolutionary moment of corporate citizenship has demanded greater focus and outcomes, bringing more and more stakeholders together to combat society’s challenges through the use of company assets. We view this progression as four distinct moments, each characterized by a certain focus:

MOMENT 1: CORPORATE PHILANTHROPY

Giving financial resources or human capital in the form of volunteers and in-kind programs through a coordinated company plan. This encompasses other efforts to bring together doers and dollars.

MOMENT 2: CORPORATE SOCIAL RESPONSIBILITY

Creating programs and initiatives that support the development of proper environmental and supply chain efforts to address the impact products, practices, goods, and services have on society at large.

MOMENT 3: SOCIAL GOOD

Blurring the boundaries between sectors to address society’s issues via innovative approaches, incorporating customized business

and financial practices that leverage a social outcome. From B Corps to impact investing, these approaches break down the historical silos of business and nonprofit.

MOMENT 4: SOCIETAL IMPACT

Taking a holistic approach to assets and applying methods of marketing, communication, investment, partnership, collaboratives, and social leadership to issues. This infuses societal impact approaches into all levels of business that are measured, analyzed, and coordinated to advance society.

A COMPANY'S ROLE

We often see companies assume particular roles when dealing with social issues. The roles often change over time and can alter based on the approach to assess engagement the company takes relative to a particular issue. We can define these roles succinctly, as follows:

- **The Spontaneous** provide opportunistic financial donations that do not have a specific strategic focus.
- **The Donors** show a somewhat diluted focus and short-term resource planning with donations directed toward nongovernmental organizations (NGOs).
- **The Committed** address some long-term challenges and have allocated appropriate resources for this purpose, yet are not explicitly oriented toward results and impact.

- **The Strategists** display a focused strategy and purpose and have a clear orientation toward results and impact.
- **The Integrated** fully assimilate corporate citizenship into the company's daily business and social value chain.¹

WHAT IS A CORPORATE SOCIAL MIND?

A corporate social mind is an approach to doing business. A business with a corporate social mind embodies traits that incorporate social impact into every aspect of the company's existence. By definition, a company with a corporate social mind infuses social outcomes into everything from supply chain to product/service intelligence to delivery, marketing, communications, and beyond.

A business with a corporate social mind reflects the following traits:

TRAIT 1: A BUSINESS WITH A CORPORATE SOCIAL MIND DECIDES WITH SOCIETY IN MIND

Leadership has the issue of societal benefit on the table in all its decisions, all the time. Decisions are never made without asking the question: In what ways does this decision affect the company, people, society, and the environment?

TRAIT 2: A BUSINESS WITH A CORPORATE SOCIAL MIND LIVES ITS VALUES

A company's values express every employee's commitment to caring for the community and working toward an improved world. Employees at all levels consider social good as a vital part of their company's existence and practice these values in their daily work.

**TRAIT 3: A BUSINESS WITH A CORPORATE SOCIAL MIND
USES RESOURCES FOR SOCIETY'S BENEFIT**

Companies use their intellectual, social, financial, and emotional capital to drive ideas that advance societal progress.

**TRAIT 4: A BUSINESS WITH A CORPORATE SOCIAL MIND
LISTENS BEFORE ACTING**

Companies listen to society before driving innovation and implementation. Societal benefit, impact, and desires are heard and understood before actions are taken and prior to designing and executing new products, services, and solutions.

**TRAIT 5: A BUSINESS WITH A CORPORATE SOCIAL MIND
HAS A SOCIAL VOICE**

Along with transparency, having an authentic voice on societal issues is vital to ensuring consumers, the public, and stakeholders understand a company's views. Having a voice on an issue doesn't mean the issue must be relatable to the company's product; the issue may simply affect people within the company's community.

**TRAIT 6: A BUSINESS WITH A CORPORATE SOCIAL MIND
LEADS SOCIAL COLLECTIVES**

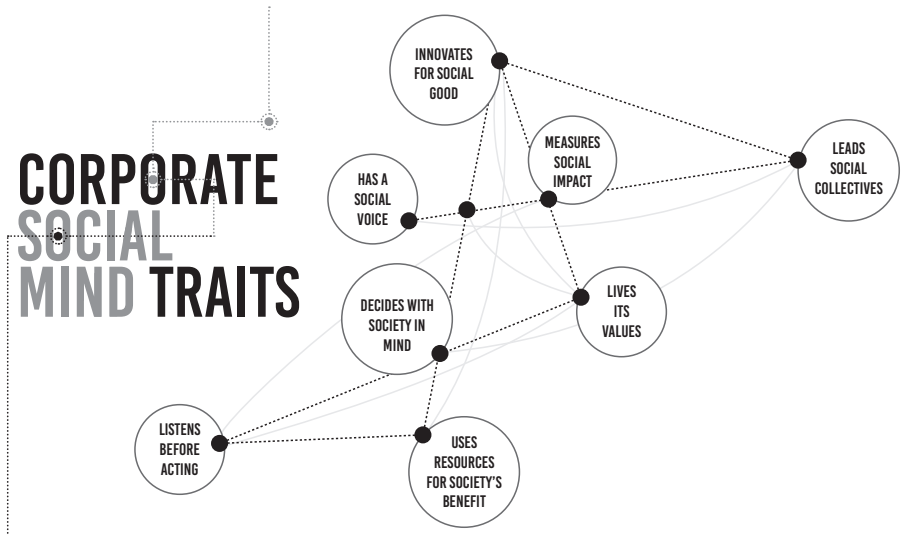
Social collectives are cohorts or a network or group of companies that share common purpose and/or outcomes for a social issue. Companies lead and engage by driving the agenda of social-issue collectives. These collectives include representation from all the sectors (private, public, and nonprofit) that could make issue-related change happen.

TRAIT 7: A BUSINESS WITH A CORPORATE SOCIAL MIND MEASURES SOCIAL IMPACT

Companies measure the impact of their decisions on all aspects of society, as well as on their business. Moreover, a culture of transparency in reporting finances, societal impact, product development, and impact on people and the planet is intentional and pervasive.

TRAIT 8: A BUSINESS WITH A CORPORATE SOCIAL MIND INNOVATES FOR SOCIAL GOOD

All innovations address both a consumer/business and a social need. The company always applies its services, knowledge, and consumer insights to create or enhance something that benefits both itself and society.



We know that companies that infuse societal impact into their business models perform better and are more profitable. The key is to focus on making sure all these traits work together simultaneously as they are embedded into the company's operations and decision-making structures. Management cannot assume these traits will function concurrently or find their own paths of connection.

All this is a dialogue between different values and different stakeholders. An ever-growing portion of today's consumers shop with their conscience, becoming intensely loyal to (and advocates for) a company whose values align with their own. Many workers now consider a potential employer's social-good efforts when seeking and/or remaining in a job. Most significantly, the public generally understands that we cannot achieve sustainable social change unless companies get involved—and they need our support to do so.

Let's get started by using a different mindset for your work in society.



CHAPTER 1

Trait 1: A Corporate Social Mind Decides with Society in Mind

In a business with a corporate social mind, leadership ensures that societal benefit is on the table for all decisions, all the time. Decisions are never made without asking one vital question: How does this decision affect company, people, society, and the environment?

Adam Smith, credited as the father of capitalism, recognized that moral actions are part of human nature. “How selfish soever man may be supposed,” he said, “there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him . . .”¹ While Smith would be pleased with the overwhelming number of company executives who agree with him today, how many are truly putting their social principles into practice?

An examination of your own decision-making processes is imperative to embedding a true social ethos throughout your company.

FOCUS

Leaders who are responsible for decision-making processes can use this chapter to incorporate society into their management practices. Specifically, we will discuss the answers to these questions:

- When the team makes a decision, how can we incorporate and support society in that decision?
- When deciding on the best strategy to meet company goals, how will we help others understand how the approach kept society in mind?
- What is an effective decision-making process for a company with a corporate social mind?

TRAIT 1 IN ACTION

Every entrepreneur and business leader has to make hard choices regarding their company's operations, people, and approaches to reaching key performance indicators (KPIs). Facing and responding to these challenges is what gives them the experience to lead and garner support from their employees, partners, and the consumers who buy their products and services.

Their decisions can also support what society and people within their communities desire and need to advance. Any decision operating in a silo without society in mind is one that runs counter to the symbiotic relationship companies have with the people in their communities. After all, companies depend on consumers' livelihoods to reach most of their own KPIs.

Keeping society in mind requires empathy, argue the authors of “The Role of Social Cognition and Decision Making” in *The Royal Society*:

Successful decision making in a social setting depends on our ability to understand the intentions, emotions and beliefs of others. The mirror system allows us to understand other people’s motor actions and action intentions. “Empathy” allows us to understand and share emotions and sensations with others. “Theory of mind” allows us to understand more abstract concepts such as beliefs or wishes in others . . . An important feature of decision making in a social setting concerns the interaction of reason and emotion.²

I can remember a situation quite clearly that illustrates the importance of this kind of deep understanding. My assistant texted me, saying that one of the leading brands in the country wanted me to fly to the West Coast for a private meeting—and soon.

It just so happened that I needed to be in the area anyway, so I said yes. But based on my history of advising companies on engaging the public (primarily millennials), I knew that one of two things had likely happened: the company had made a misstep or the public was denouncing a corporate policy or challenging the company’s approach to sourcing, manufacturing, or marketing a product—and either way, the brand wasn’t sure how to respond.

In this case, it was the latter.

This particular company underestimated the public’s negative response to a public issue campaign around a new product. Here’s the story:

The company was selling a product it claimed benefitted mental health. In what appeared to be a veiled attempt to boost sales, the company pledged to make a donation to a mental health non-profit organization for every product sold. But millennials were skeptical—and for good reason. The gift and public issue were misaligned—to get the gift, someone had to buy the product—and consumers saw the company as trying to take advantage of an issue for its own gain.

As I advised the company on where the missteps occurred and the ramifications of making decisions without consulting the beneficiary—in this case, the mental health community—it realized two important lessons: First, it's easy to make incorrect decisions when they are based on creative input without socialization. Second and more importantly, deciding without both public and private interests in mind (and putting society first) can have a powerfully negative effect on good intentions.

A Critical Question for Every Team

Being cognizant of the impact of our decisions on society puts people (employees and consumers) and communities at the table. In the process of making decisions, executives should consider society and societal benefit and, as we mentioned earlier, introduce a question during the process:

How does this decision affect company, people, society, and the environment?

Decisions have ripple effects beyond the company's predetermined outcomes, and this question will help center leadership

around the consequences of actions taken in the spirit of solely doing business.

Within the decision-making process, this question must be answered with insights and data before it is dismissed. This means companies must fully understand the impact of its decisions by assessing projected outcomes. This is key if the company is to exercise a true corporate social mind. Understanding a company's overall impact and complete reach is imperative to ensuring decisions do not detract from the advances of society on issues of importance. This, therefore, presents a real opportunity for companies internally focused on social responsibility and community engagement to strengthen their analysis and research teams to address their impacts on society.

In traditional corporate social responsibility and philanthropy units within companies, the focus tends to be on new initiatives or assessing the impact of the company's work against globally accepted practices and indicators. This is a starting point, however a reactive approach to assessment and not one that truly integrates forward thinking and moving the impact-on-society question into real-time decision making. It is good business planning to understand the effects of one's decisions on society *in the moment* and not in the past, after decisions have already realized outcomes and are too late to amend. Changing historical corporate behaviors and operations that have become precedent is often a challenging and onerous task—the path of most resistance.

To mitigate risks to employees, community, and society, business leaders must create a new cadence of decision making within innovative practices that caters to prompt, responsive, and iterative methods of learning, design, measurement,

refinement, and scale. Sometimes these practices can be in the form of risk assessments for products, services, or goods, as in the EU REACH regulation for chemicals from 2006. However, this goes beyond typical assessments at the completion of product design into formative development and decision making at the onset of product innovation.

An example of this approach is seen in Siemens' Business to Society report, where the company effectively discusses how its new technologies and innovations impact the lives of people in the United States.³

An effective corporate leader with a social mindset will use a new cadence of decision making, as illustrated below.

Decision-making Process for Innovation

1. CREATE INNOVATION CONCEPT

Out of a desire to make/refine a product or service that impacts the consumption behaviors of the public, corporate leaders create a new concept for discovery, testing, and market introduction.

2. DEFINE SOCIETAL IMPACT

Once the concept is designed, the approach of the new/refined product/service is assessed for projected impact on people, society, and environment. The concept is refined to improve societal impact performance indicators.

3. DESIGN INNOVATION PROTOTYPE

Once the concept has been improved to enhance societal impact, the product/service is developed into a prototype for a market test or limited introduction into the field.

4. ASSESS SOCIETAL IMPACT

While the product/service is introduced into the market or within a targeted public distinct marketing area (DMA), the product is assessed for use and risk to society, people, and the environment concurrently with viability assessments.

5. REFINE INNOVATION PROTOTYPE

Once the field test is complete, the product is then refined to enhance its impact on the individual consumer or business. Leadership talks openly about the impact of the product on the desired market and society to determine additional refinements that improve impact on people, society, and the community holistically.

6. ASSESS SOCIETAL IMPACT

A new prototype is designed and reassessed for societal impact, and a final analysis should determine whether it will have the desired impact at scale. This deep analysis will include various methods of listening, interviewing, real-time data capturing, and predictive models. The assessment team will engage stakeholders (various audiences within society that have minimal to maximum exposure to the product/service) to understand societal benefit from the company's actions.

7. SCALE INNOVATION

Once the innovation is introduced more broadly into the consumer marketplace or general public, understanding how each community and sub-audience within new markets (DMAs) react will be imperative, given the localized differences among culture, beliefs, and consumption behaviors.

8. MONITOR SOCIETAL IMPACT

Just as a product is consistently assessed for performance-related metrics, it should also be assessed for societal impact. Societal KPIs must be designed and consistently measured to determine the long-term societal impact of decisions. Ongoing iterations may be necessary to improve impact as performance innovations are implemented.

As you can see, a corporate social mindset and culture incorporates decision making with society in mind throughout the product-development process. Assessments at any point without ongoing refinements based on feedback put the company's mission and values at risk. If the company values mutual respect and support and purports to care whether society is advanced because of its work, then this process is not just ideal—it's necessary.

How Microsoft Decides with Society in Mind

Microsoft uses a corporate social mindset when developing and designing Microsoft devices, innovating through approaches designed to measure and assess societal impact throughout the process.

Active in more than 100 countries, Microsoft's Devices Division is responsible for the ideation, design, development, manufacture, sourcing, compliance, packaging, and distribution of the company's devices and related software products. Across this process, sustainability programs are overseen by experts from many industries that bring unique vantage points into product development and societal impact. They, in turn, are supported by an internal safety, compliance, and sustainability team whose

mission is to ensure flawless product compliance while promoting company values.

The internal team creates a program to understand compliance measurements and sustainability effects on society throughout the innovation cycle. While an audit management system is clearly designed to embed compliance and sustainability into the business, this additional program allows the team to make continuous supply chain improvements to alter the impacts on society.

This approach to a corporate social mindset is explained by the company itself in its sustainability and devices annual report in 2018:

We set objectives and targets to ensure continuous improvement in our environmental performance and management systems. We value employee contributions to our initiatives. We regularly review aspects of our business activities and assess our programs, practices and goals to evaluate our progress. We proactively manage environmental risks and opportunities to identify areas where further improvements can be made. We collaborate with our suppliers to ensure that they share the same level of commitment to the continuous improvement of their environmental performance.⁴

Microsoft is also mindful of the societal implications of future innovations. Through investments, consistent monitoring, and engagement with stakeholders, it assesses emerging global trends, proposed regulations and policies, and stakeholder expectations in energy, labor rights, environmental compliance, health, product safety, and other areas. By developing its own system of

measurement, the company can use a variety of data sets and relationships that will yield new insights to improve both product development and its societal impacts. Already, these data sources include the following:

- Subscriptions to regulatory tracking services
- Trainings and conferences
- Technical laboratories
- Trade and technical journals and newsletters
- Stakeholder consultations
- Meetings with peer professionals within government and industry
- Expert consultants
- Agency resources

TRAIT 1: Design and Innovation Questions

Consider the following questions as you examine how your company addresses its social-good issue:

- How will we involve society in our design and development phases for products, goods, and services?
- How will we integrate approaches to decision making that allow us to involve key stakeholders when we spark new innovations to test and iterate?
- How can we affect the individual consumer and society as a whole through our design and innovation practices?

In summary, to have a corporate social mind, leaders must be willing to design product innovations with society at their core and be mindful of them throughout every process. The decisions made by companies and leadership with corporate social minds intentionally put society and societal benefit at the table every time, all the time. Creation of new products, services, and goods with the help of experts from relevant communities makes for longer-lasting and more impactful decisions that will lead to greater success for both shareholders and society's stakeholders. Remember to ask before deciding: In which ways does this decision affect the company, people, society, and the environment?



INTERVIEW

Rüdiger Fox, Sympatex Technologies GmbH

“Today, we privatize profit and socialize the collateral damage . . . Sustainability needs to be radical.”

RÜDIGER FOX, CEO of Sympatex Technologies GmbH, shares how he and his team made bold decisions to put environmental sustainability first in a market where many thought it was impossible. In this instance, Rüdiger implemented social-good changes even while the company was in “a financially critical situation.” His interview shows how the company first examined its role in the ecological system surrounding its product, and then built its social-good efforts from there.

Michael: What does Sympatex do?

Rüdiger: People who spend a lot of time outdoors need clothing and shoes that keep them dry while controlling their body temperature in all types of weather. As a leading provider of sustainable functional textiles, Sympatex developed a special membrane that goes in between laminated textile layers that’s 100% waterproof, 100% windproof, and breathable. It’s our core product.

Michael: What is your role at Sympatex, and how do you engage with its social and environmental impact?

Rüdiger: Officially, my title is CEO. I'm not sure how other people view that title, but I think one of my most important roles is to provide a safe space for people to contribute to the purpose of the organization as much as they desire to—a space where they can grow and find the niches where they can contribute best.

My other important job is to understand the role the company has in the social or ecological system and to define our purpose in that context.

Michael: How would you describe the purpose of Sympatex?

Rüdiger: When I joined Sympatex three years ago, we sat down with all our employees and asked that question. The company was in a financially critical situation, and sometimes that allows you to go deep into fundamental questions. My questions were, “What is our reason for being? Does the world need us? If the world needs us, how we can define our role in a way that we can increase our impact?”

We came up with the definition of our core product. We're a bit more than 30 years old, and the core product has always possessed all the features of a closed-loop textile industry. So it turned out that we have actually had what we needed for 30 years to change the textile industry and make a significant impact on the environment.

And that became our purpose. We tabled any financial questions and agreed that the purpose of all our activity would be to accelerate the journey to making the functional textile industry a closed ecological loop and fully sustainable.

Michael: Can you expand on the company's social impact and its sustainability market?

Rüdiger: The textile industry basically causes negative social and environmental issues, and Sympatex's leverage is strongest on the environmental side. So that's where we focus. Product strategy, everything we're doing, is aimed at demonstrating how our industry—one of the dirtiest of the world—can become one of the cleanest with already available technology.

Externally, then, our strategic focus looks at sustainability. Internally, we rank the social side very high. We became a certified benefit corporation (known as a B Corp) so that we would be measured by that criteria. We also try to provide a work environment that's extremely trusting and joyful, if I may say so. Each employee can freely decide their own preferred number of working hours in a given week. Calling and emailing during vacations is strictly forbidden. When there's too much traffic or it's too hot or too cold to go out, then we want employees to work from home. We adjust the organization around the needs of our people.

In summary, we have this high social impact inbound and high environmental impact outbound. We know this isn't everything that needs to be done in the world, but we're trying to devote our energies where we have the best leverage.

Michael: How is the sustainability work connected to the company's innovation capabilities?

Rüdiger: I love that question! In many companies striving for both innovation and sustainability, someone comes up with an idea but doesn't have a way to close the loop, and the energy and enthusiasm the idea inspires just evaporates in a big space of random possibilities.

At Sympatex, we channel the ideas and possibilities in a certain direction so that every team member knows what we're aiming to accomplish. The speed of innovation we create in that direction

then becomes enormous, especially for a company our size. Because everyone is working in the same direction, sustainability strategy has become one of the core elements of innovation for us.

“I was a convinced sustainability guy, because I just believe that when we see the impact of what we are doing and the resources we are burning, it’s easy to understand it cannot go forever.”

Michael: Can you recall any specific moments at Sympatex when it was clear that complete sustainability really needed to be the driving force of the company?

Rüdiger: The one specific moment was the 24 hours when I was allowed to think about whether I would accept the job or not. I was a convinced sustainability guy, because I just believe that when we see the impact of what we are doing and the resources we are burning, it’s easy to understand it cannot go forever. We’re reaching limits, there’s just no question. And if you reach limits, you need to find something new.

So, the first moment was looking at a company that had an amazing product at its core, yet had not achieved a relevant market share and had the lousiest sustainability balance sheet you could imagine. That’s when I said wow, there’s a great market—and we had a huge improvement potential. I couldn’t find a better lab condition to test my theory that sustainability is the next “blue ocean” (a very open market).

The next moment was a few weeks ago, which was three years down the road. We had an internal leadership discussion, an

honest one, asking how each of my first-level staff understood the purpose of the company. Nine out of 10 said profit—with the help of sustainability. Only one person said we improve the world and hopefully profit would come out of it. He was the only one who got it. I realized that even though you talk about taking sustainability into your core and have people live it for three years—they can still carry the old mental models in their heads.

So I hope that the third moment will be in another year or two, when everyone really gets it: We're about unconditional core sustainability with the hope that profit will follow.

Michael: Do you combine your environmental work with any social impact?

Rüdiger: Very rarely and only coincidentally. Because I think when you look at the system impact, yes, there are relationships, but they're not necessarily conditional. I try to make things simple. We create a small kids' book every year that we give as a free gift with kids' shoes that explains our story as simply as possible. We take one subject at a time—climate change and global warming, chemistry, plastic.

Michael: How would you describe the effect that environmental sustainability work has on your employees? Is it different from other companies you've worked for?

Rüdiger: I think the main difference is that we put CSR (corporate social responsibility) in the first rank of priorities, which is a radical shift from companies that just add it on. Now, annual financial results are part of overall results—but sustainability is the goal.

I saw a lot of skepticism to the craziness of this approach. During the economic upturn the company has seen over the last

three years, it gradually changed into curiosity, and now it's starting to become trust. It's not yet fully there, because the world we live in believes that economics is driven by numbers.

Michael: How should companies tackle sustainability and community relations?

Rüdiger: I believe the world economy, especially in developed countries, operates on the approach of efficiency: more efficiency is better, faster efficiency is better; it's the idea of continuous improvement. But what we need to realize is that the world's resources can only take so much.

Sustainability and community relations—people relations—has a double effect. On one side, we are reaching the limit of the previous business model. On the other side, sustainability and the need of social improvement, justice, etc., will come so fast that it will change the economic system conditions overnight.

“Nobody will win in the end; we will just eliminate each other.”

For instance, once we face that global warming is real, CO₂ taxes will be introduced overnight, and if companies are not prepared, they will fail. If companies are prepared, and they are few, they will see what is called the “blue ocean.” The “red ocean” is the economic model we have followed until now. Nobody will win in the end; we will just eliminate each other. Sustainability, mind you, is a positive opportunity of differentiation, of future efficiency. Today, we privatize profit and socialize the collateral damage. Once this society realizes that the collateral damage is

too big and we are at that threshold, society and governments will push the responsibility back onto the industries.

If you understand that sustainability and social impact is a business opportunity and not a business constraint, you create a completely new business model. Sustainability needs to be radical. Sustainability is not a decoration, but it's the core space of business activity.

Michael: What two things would you tell a person who is about to design a new sustainability initiative for their company?

Rüdiger: Three things. First, realize that at the beginning, you'll be alone. You'll need pretty big shoulders, so if you don't have the daring to risk everything to stand up for your conviction, you'd better not start.

Second, if you're prepared to run the risk, then do it radically enough—not as an antithesis to the current business model, but as the next upgrade. We have made the mistake in the past of describing sustainability as a need to constrain, and this kind of language has given business the impression that sustainability will slow them down, creating enemy relations. That's unnecessary. Business talks mainly about optimization, not necessarily outcome, while sustainability criticizes the outcome. With a good optimization process that includes sustainability, you can affect the outcome.

Third, if the company makes the decision to go for it, do it full scale. If it's a compromise or a decoration, it won't work.

Michael: Were there any management principles or tools that helped you focus on these issues?

Rüdiger: Employee motivation, especially intrinsic motivation, was a core of my curiosity and personal learning. In business, we believe salary is the primary driver. What we need to

realize is that fear and anxiety come from a place where, if one of 10 conditions isn't met, people will focus on the non-satisfied condition and not the nine you might have satisfied. Intrinsic motivation helps us understand humans much better—and not considering people in the company as a head count but as a bunch of creative individuals.

Michael: If you had to sum everything up, what would be the one most important argument for engaging in an environmental social issue?

Rüdiger: If you don't prepare today, tomorrow you will be eliminated. In just a handful of years, the pressure from environmental issues on any business will be big, and the companies that have prepared will stay and sustain. Those who waited will disappear.

“*The Corporate Social Mind* is timely, refreshing, and actionable. Derrick Feldmann and Michael Alberg-Seberich ask the relevant questions and give voice to those who start to act. A must-read for everyone who decides to *do* and not just talk about social impact.”

—**JOHANNA MAIR**, PhD, Professor of Organization, Strategy, and Leadership,
Hertie School; Hewlett Foundation Visiting Scholar, Stanford Center on
Philanthropy and Civil Society; Academic Editor,
Stanford Social Innovation Review

“*The Corporate Social Mind* is a timely contribution to an important debate about the responsibility of business. Its examples are engaging, the management practices it presents are inspiring, and the questions it raises are important for the future role of business in society.”

—**JOHANNES HUTH**, Partner and Head of KKR Europe, Middle East, and Africa

“With *The Corporate Social Mind*, Derrick Feldmann and Michael Alberg-Seberich have crafted a must-read guidebook, enhanced by powerful case studies, for anyone interested in clarifying the often murky space between social challenges and corporate strategy.”

—**DARYL BREWSTER**, CEO, Chief Executives for Corporate Purpose

“This book inspires today’s leaders to take a fresh and holistic look at current approaches to social impact. At the Ad Council, we see firsthand how this formula—integrating corporate philanthropy, innovation and marketing, and communications—can create powerful ways to engage the public but also drive employee engagement and business results. This book will motivate all of us to do more.”

—**LISA SHERMAN**, President and CEO, the Ad Council

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