Conscious Capitalism—A Worldwide Movement

People are choosing to buy from and work for companies that are “doing good” in the world, and companies are realizing that their organizations have a far greater impact on society than just through their products or services.

There are currently 38 active Conscious Capitalism chapters globally, with 21 more chapters being developed worldwide. For more information on Conscious Capitalism, Inc., to donate to the cause, or to find a chapter near you, visit www.consciouscapitalism.org.
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When you think of innovation, how often do you think of company culture first? Likely not often. If I asked you what makes companies such as Google, Facebook, Apple and Amazon unique, you would likely answer first with something about their products and services. Eventually, you might answer with “their culture.”

Culture Matters

The landscape of corporate culture has changed tremendously in the last decade and continues to evolve. By culture, I’m not simply talking about coffee bars, ping pong tables and casual dress codes. I’m talking about the inner workings of a company, the inspiration behind what they do and why they do it.

People are choosing to buy from and work for companies for motivations beyond their products and services. Companies are coming to the realization that their organizations have a far greater impact on society. There is an evolution towards companies existing for a purpose beyond profits, and consumers are leading the push by only buying from companies that “do good.”

How does culture drive business performance? Korn Ferry released the study “People on a Mission,” in late 2016 which said “... consumer companies that focused their employees on the organization’s purpose boasted annual growth rates that were nearly triple the annual rate for the whole sector” and “that having an authentic purpose can help recruit and retain talent, win over customers, and have positive impacts on broader society.”

Other recent research finds job candidates and current employees also want purpose. Deloitte’s 2016 Millennial Survey found that “Millennials would prioritize the sense of purpose around people rather than growth or profit maximization.” According to Gallup’s 2017 State of the American Workplace, “people want their work to have meaning and purpose” and they want leaders to “bring the big picture to life for employees by cultivating a feeling of purpose.” Even a big accounting firm, KPMG, recently was able to instill purpose in its work with a promotional video about its role in shaping world history.

Conscious Capitalism: When Company Culture Drives Innovation
What is Conscious Capitalism?

Purpose is at the core of Conscious Capitalism. Conscious Capitalism is a term adapted from Nobel Peace Prize winner Muhammad Yunus when he described his new enterprise, Grameen Bank, as a "socially conscious capitalistic enterprise," and has since become a philosophy and a movement based on the 2012 bestselling book, *Conscious Capitalism: Liberating the Heroic Spirit of Business*, co-written by John Mackey and Raj Sisodia. Mackey also cofounded Conscious Capitalism, Inc. in 2010.

Conscious Capitalism is defined by four tenets:

1. **Higher purpose and core values**: There’s a broader, positive impact when a company is based on a higher purpose that goes beyond generating profits and creating shareholder value. It is central to a conscious business; all other tenets connect back to these foundational ideas.

2. **Stakeholder integration**: All stakeholders are connected and interdependent. We must seek to optimize value for all of them by creating “win-win” solutions among these six main stakeholders: team members (employees), customers, shareholders, suppliers, community and environment.

3. **Conscious leadership**: These are leaders who are motivated by service to the higher purpose and creating value for all stakeholders. They understand the relationships between them. They reject the trade-off view of business—the belief that someone wins and the other loses.

4. **Conscious culture and management**: This is the strength and stability of the organization, ensuring that the purpose and values endure over time through transition. Some traits include trust, accountability, transparency, integrity, loyalty, fairness, personal growth, love and care.

Where Innovation Thrives

Innovative companies such as Google and Twitter were both mentioned in *Conscious Capitalism*, and innovative companies such as 3M, Adobe and Amazon were all highlighted in *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose*, Sisodia’s predecessor book to *Conscious Capitalism*.

Other companies typically mentioned as being more consciously capitalistic are Starbucks, The Container Store, Patagonia, Panera Bread, REI, Southwest Airlines and Costco, to name a few. Conscious Capitalism can create the culture where innovation thrives because a conscious culture is built on trust and accountability.
laying the foundation where creativity can flow and lead to positive results for people and businesses. Innovation thrives in cultures that allow freedom of idea generation.

Being a more conscious company isn’t just good for your people, it’s good for your business performance, too. There is a return on investment from being a more conscious company. Some of the companies just noted are well-outpacing the S&P 500, as documented by the Bloomberg graphic from 2015. (Fig. 1)

On June 16, 2017, the forces of Conscious Capitalism and innovation truly united when it was announced that Amazon, one of the world’s most innovative companies, was purchasing Whole Foods Market, the company that wrote the book on Conscious Capitalism and teaches it in its leadership development program.

It’s Amazon’s largest acquisition ever. And while it wasn’t done just for Whole Food’s culture, Amazon’s acquisition of Zappos in 2009 is an example of it acquiring a company with a uniquely more-conscious culture, which it then left alone to thrive. The Conscious Capitalism community celebrated the Amazon-Whole Foods Market acquisition.

Current Initiatives Impacted by Conscious Capitalism

Conscious Capitalism is also impactful to more than just innovation. Think of all the other modern-day business initiatives where Conscious Capitalism can have a significant impact, such as:

People-focused culture: Many companies highlight their people as their most important asset and what better way to make that more apparent than incorporating the tenets of conscious leadership and stakeholder integration.

Continuous improvement: Many operations-based companies want their employees to have a CI-mindset, always looking for ways to improve their individual jobs and processes. Too often CI has been hijacked with too much focus on cost and time savings, or eliminating waste, rather than improving employees’ work and making the company easier to do business with for customers. A truly conscious culture can create an environment built on trust and accountability, where employees feel safe, rather than fearful of losing work.

Leadership development: The younger generations are pushing a movement for companies to have a leadership culture, rather than a management culture, and want a coach, not a boss. (See Fig. 2 from Gallup.) Many companies are looking at initiatives around how they grow their leaders; what better way to drive a true leadership culture than to do it by incorporating conscious leadership traits.

Customer service as a differentiator: Something near and dear to the heart of SOCAP: How about customer service? Do you ever visit a store and have difficulty finding someone to assist you? Or if you do find someone, how often do they walk by you with their head down or they make sure not to make eye contact with you? Or have you called a customer service line only to find the robotic voice and actions of an agent who seems not to care about your issue?

Perhaps these employees are not being led by conscious leaders, whose companies may not give their frontline employees purpose in their work, or may not promote the importance of having a conscious culture, or aren’t recognizing the value of great customer service in their business. Conscious Capitalism can have a tremendous impact in the customer care space as evidenced by the reputable companies mentioned above such as Southwest Airlines, Costco or The Container Store.

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Purpose is at the core of Conscious Capitalism.

Nathan Bobay was introduced to the book Conscious Capitalism in the fall of 2014 and was inspired to do more. He’s attended the Conscious Capitalism conference the past three years, becoming a champion for the movement and helping co-found the Indianapolis Chapter in 2017. Currently, he serves as a customer solutions manager at Delta Faucet Co. Contact him at Nathan.bobay@deltafaucet.com or via LinkedIn to learn more about Conscious Capitalism.