

# Profit with Purpose

The New Guiding Conscience  
of Global Capitalism

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# In today's We-Conomy, profit is not enough.

For a brand to be truly successful over the long-term, as benchmarked against the world's leading companies, it must innovate and create for the we and not the me, and also aim to profit in ways that provide collective purpose beyond a self-interested, fattened bottom-line. An age of brands as republics aimed at both serving and protecting the world at large is upon us.

This is no longer an idea aimed at satisfying shareholders or Wall Street analysts in cheap bids for positive company reports or stock ratings.

As a recent Nielsen study on corporate responsibility tells us, consumers globally are increasingly making their purchasing decisions based on what a company stands for and does for the communities in which they operate. The actual goods and services that they produce are becoming less and less important as technology continues to level the playing field, democratizing creativity, and making new aha moments and ideas a dime a dozen.

The Nielsen study, which assessed consumer attitudes spanning 60 continents, revealed that an astounding 55 percent of respondents see corporate reputation of paramount importance when making purchasing decisions. A mere 40 percent still view the product or service as king.

And this trend is not abating any time soon. The highest number of consumers with these opinions reside within frontier economies like Asia and Africa, and in demographics like the Millennials. This is interesting as these nascent entities have just begun to scratch the surface of their potential for growth and impact.

Interestingly, the study also demonstrates another rising trend tied to the mandate for business benefit. As the world's center of gravity continues to move from west to east, businesses must increasingly focus on what's being dubbed the \$2 dollar a day economies if they are to grow for the long term. Based on the ideas outlined above, much of this "attention" is as much about infrastructure development, in things like power and water, as it is about the delivery of products and services.

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As a result of all this, it is clear that today's companies must not just check the box in the CSR realm through philanthropy or environmental responsibility; They must work to create what's being termed "shared value ecosystems" in the global business landscape at large. And this is where the notion of brand republics begins to gain traction.

In the wake of these tectonic shifts arrives the new principle of Triple Profitability, or Triple Bottom-Line (3BL), by which companies are required to deliver value in three distinct tiers:

- **Economic Profitability:** Providing consistent positive earnings and long term value to shareholders
- **Social Profitability:** The creation of purposeful contribution to society at large and the communities an organization serves through the power of its business
- **Environmental Profitability:** The proactive investment in technologies and other means that aim to serve, advance, and protect the world we live in.

The triple bottom line was first fully explained by John Elkington in his 1997 book *Cannibals With Forks: The Triple Bottom Line of 21st Century Business*. It's a bottom line that continues to measure profits, but also measures the organization's impact on people and on the planet.

The triple bottom line is a way of expressing a company's impact and sustainability on both a local and a global scale.

The concept behind the triple bottom line is that companies are responsible first and foremost to all their stakeholders, and these include everyone that is involved with the company, whether directly or indirectly, as well as the planet we're all living on. This approach sees shareholders as part of the stakeholder group, but only as part of it.

As per usual with revolutionary ideas, a decade ago these thoughts seemed “out there” and overly naive. However, a number of important trends support the need for organizations to be increasingly benevolent:

- Many organizations are critically dependent for success on hiring, motivating, and retaining good people. In recent times, this notion has come to extend to the people they serve.
- In many parts of the world, particularly in certain industries, good people are as in short supply as are critical resources.

- Different generations have different attitudes to work. While earlier generations may have tolerated impoverished conditions at work, people in the millennial generation are likely to be looking for more meaning. Unless they find this meaning, they'll move on.
- Consumers and potential recruits have many more choices than they had in the past, and are more aware of the ethical and environmental stance of large companies. Many base their purchase and career decisions on these things as outlined in the new Nielsen study.

In the new We-Conomy, capitalism is also being powered forward by another triumvirate: creativity, collaboration, and the third “C” in the equation: conscience. Nothing matters in the way of success if what you are doing doesn’t give back to our world in ways that are redemptive and restorative to us all.

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We have seen this brand republic sea change coming for years. First there was the Progressive Movement that began at the start of the 19th century when companies aimed to leverage their resources to build better communities and help people access the resources needed to live better lives. Leading companies of the day like Johnson & Johnson and Avon even built these doctrines into their charters, and Henry Ford followed with the Model T. The car was not just disruptive for the business doctrines it helped create, but with the accessibility it offered by producing a car for \$300 as opposed to \$3000 dollars. This is the \$2 dollar a day economy model's most notable ancestor.

Years later this movement played out with the dawn of all things green in the early 2000's, where CSR was the catchall buzzword. Following Al Gore's lead, if one found a way to tackle the "inconvenient truth" of a world heading towards apocalyptic destruction due to allowing capitalism to run rampant across our global environmental resources, they thought they had that "do-gooder" box checked off the list. Go green! Reduce your carbon footprint! Make sustainability not a thing to do, but a part of your business strategy! Everything that could be imagined was done to show that a company was responsible environmentally. Green was suddenly ubiquitous and not just for vegetables, cash, and Kermit any longer.

Unfortunately, at the time, many other acts of irresponsibility were going on across corporate America that led to different kind of devastation. While the world was being pumped to focus on a new kind of green, the old kind of green, in new forms such as asset backed securities, were continuing to fuel one of the world's most dangerous plagues: bottomless greed. Following the 2001 collapse of Enron, Sarbanes Oxley legislation stepped in to ensure that publicly traded companies would never again steal and rob from investors. Unfortunately, while that sacrimonious purge was going on, the engines of malfeasance still chugged away inside the world's largest investment banks. With the repeal of Glass-Steagall legislation put in place following the Depression to prevent banks from becoming too big to fail, financial institutions were left to run rampant, with little or no regulation, as the burgeoning financial supermarkets they were becoming were so mired in complexity that much of the trouble brewing went unnoticed. And as we all know, that trouble was the creation of vacuous financial instruments called derivatives, that were designed to have banks profit from the new debt they pushed on John Q public, which was packaged as low mortgage rates, and new pathways to financial empowerment and home ownership.

As a result of the 2008 collapse, corporate social responsibility has too been reimagined to align with a new, creatively collaborative economic engine that is now powering our world forward. Being responsible now as a corporation extends way beyond a mindful environmental



footprint, to a profiting with purpose ideology that has come to envelop the global business landscape. If a company is to truly succeed and lead for the long-term, the value that it creates for society must have many tentacles, and serve to both serve AND protect if true brand republic status is to be achieved.

Despite the “greenwashing” era as it has come to be called, real pioneers of the green movement that were serious about making a difference have grown in recent years to be the stewards of larger and more encompassing societally beneficial initiatives. Indra Nooyi, the CEO of PepsiCo, stands out as one of the movements most important pioneers. Having launched the groundbreaking Pepsi Refresh campaign in the mid 2000s, designed to put sustainable innovation and business development at the heart of Pepsi’s culture, the company’s mission began to stretch way beyond making snacks and drinks to helping fuel global entrepreneurialism through the advancement of initiatives for everything from improved global health to clean water. Everything the company did became designed to not only allow a burgeoning global middle class to consume goods, but also continue to become participating citizens of the newly flattened world. Pepsi’s initiatives today centered around purpose extend from everything from clean water to improved global nutrition standards.

“Our vision is put into action through programs and a focus on environmental stewardship, activities to benefit society, and a commitment to build shareholder value by making PepsiCo a truly sustainable company.

At PepsiCo, we’re committed to achieving business and financial success while leaving a positive imprint on society—delivering what we call Performance with Purpose.”

Fast forward to today, and a plethora of new and interesting means of profiting with purpose flood the landscape. Here’s a look at the winners who are killing it and what we can all glean as key learnings from each of them.

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## TOMS Shoes: “One for One”

The TOMS business model has been referred to as the “one for one concept” business model, referring to the company’s promise to deliver a pair of free, new shoes to a child in need for every sale of their retail product. The countries to which the free products are sent have included Argentina, Ethiopia, Guatemala, Haiti, Rwanda, South Africa, and the United States. The business has grown beyond producing shoes and has included eyewear and apparel in TOMS product lines. The company uses word-of-mouth advocacy for much of its sales, centering its business focus on corporate social responsibility. Part of this model originally involved a non-profit arm called “Friends of TOMS” that recruited volunteers to help in the shoe distribution in foreign countries. Toms trademarked the phrase “One for One” to describe its own business model.

**Key learning:** Existing businesses are not the only ones who can leverage triple profitability to the tune of long-term success. Businesses can simply be created around these notions with an eye toward creating products and services that all serve one purpose, which is to profit with purpose in ways that make the world a better place. What TOMS did, and still does best, is create a business model that serves the societal purpose it seeks to procure first, and then builds products and services around it. If a business model works, and a bountiful and well-oiled ecosystem is created, anything can happen as a result as possibilities of goodness are boundless.

## Coke: (THRED)

In 2012, The Coca-Cola Company announced the launch of a free-to-play mobile game, (THRED), available in the App Store for iPhone, iPad, and iPod touch. (THRED) is a joint project between The Coca-Cola Company and (RED) developed to raise awareness and funds for the fight to end mother-to-child transmission of HIV by 2015.

The (THRED) App helps raise money for The Global Fund to fight AIDS, Tuberculosis and Malaria—the world's leading financier of programs to fight these three diseases. Throughout the game, users had the opportunity to purchase power-ups and select items via In-App Purchase. All proceeds (excluding taxes) were donated to the Global Fund to invest in HIV/AIDS programs in Africa, including treatment for prevention of mother-to-child transmission of HIV.

Developed by BitMonster with an Unreal Engine 3 license donated by Epic Games, (THRED) is designed to engage consumers in captivating gameplay, through:

→ **Content:** This endless runner genre game takes place in an abstract 3D world of technological walls, ever-shifting obelisks, living dragon-like gateways and powerful collectibles. As players progress through the game, they'll find amazing colors and shifting walls while the entire soundscape changes with them.

- **Visuals:** (THRED) delivers an endless flight using Epic Games' Unreal Engine to push the visuals even further with features including lens flares, blooming highlights, Fresnel shaders and extensive particle effects.
- **Soundtrack:** As part of World AIDS Day, Tiësto teamed up with (RED) to create an exclusive compilation album, DANCE (RED), SAVE LIVES, to fight AIDS in Africa. From the same album, Tiësto generously donated the Skidka remix of the Tiësto & Swanky Tunes track, 'Make Some Noise', for (THRED). Along with additional music by DJ Poet and TOKiMONSTA, the gorgeous abstract soundscape creates a phenomenal music experience.
- **Compete with Friends:** Dodge obstacles, collect power-ups and improve your avatar as you compete for high scores with your Game Center friends.

Deborah Dugan, CEO, (RED), said; "(RED) aims to give people as many ways as possible to join the fight against AIDS. With the launch of (THRED), people can make an impact with the touch of a button while playing a game they'll love."

"Collectively, we have the power to help deliver an AIDS-Free Generation," said Wendy Clark, Senior Vice President of Integrated Marketing Communications at The Coca-Cola Company.

"We feel that (THRED) is a great way to capture attention and one that gives everyone the

opportunity to contribute their time, money, and networks to help end the transmission of HIV from mothers to their babies by 2015.”

The key learning from Thred is that big companies can be as agile as they want in the realm of producing lasting and meaningful change and benefit if they in fact choose to do so in ways that provide real value to a critical societal ailment, not just in ways where giving is convenient and aligned to the core business. By using their heft as an excuse to be hugely aspirational in their cause, curing AIDS globally, Coke took on a challenge as herculean as its brand and leveraged technology to set about making its dream a reality.

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# Whole Foods

The Whole Foods mission as outlined by its visionary CEO John Mackey is not to sell more food or merely reimagine the grocery store experience, but rather to change the way the world eats, with the goal of eliminating killers like cancer and heart disease that are so influenced by our diets.

Mr. Mackey's vision entails a wide range of ways in which the company is trying to bring healthy practices to its own employees, including paying for 400 of them a year to attend a weeklong retreat intended to improve their health. Whole Foods also gives employees financial incentives to score well on biometric assessments of their health, and it recently opened its first medical and wellness clinic, where employees can receive primary medical care at no cost, along with health coaching. In the stores themselves, Whole Foods recently instituted a rating system to identify the healthiest foods for customers.

Mr. Mackey is a pioneer in thinking about the role that companies and their chief executives ought to play beyond the bottom line. In fact he not only has turned his company into the modern example of corporate innovation and goodness, he has worked to extend the vision to others through his Conscious Capitalism conference. One of its core tenets is that every business needs a higher purpose that includes, but goes beyond, making money. A second is

that companies have an obligation not just to create value for their shareholders but for all stakeholders, including employees, vendors, communities, and even the planet. A third tenet is that leaders themselves ought to be guided by their own higher purpose.

More than 180 chief executives attended the “Conscious Capitalism C.E.O. Summit” last fall. Speakers at the most recent event included the chief executives of companies like Hyatt Hotels, Home Depot, and Panera Bread. Organizers expect well over 200 chief executives this year.

**Key learning:** Turn your business into not only an engine of profitability for shareholders and communities it serves, but as an agent to spread the idea that, in the We-Conomy, the more we rally together around similar ideals centered around making the world a better place, the brighter tomorrow will in fact be.

A business must align itself not only with its core values and consumers, but within the communities it operates and intends to operate. As the age of We-Commerce continues to unfold, leading brands will continue to have increased responsibility not only for the shareholders and employees they retain, but for all the publics in which they exist. The age of the Brand Republic is born.

As the business landscape continues to increasingly call for the creation of shared value, winning businesses will seek to attach themselves to issues and causes that make sense for their business

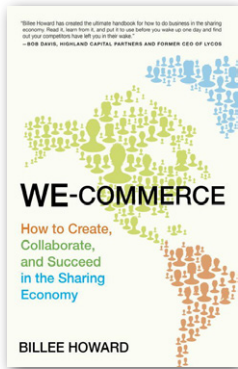


and the areas in which they operate. Through collaboration with competitors and complementary business partners, as well as community, leading organizations of today and tomorrow will find ways of driving toward positive triple bottom-line results in ways that benefit the collective we, and yield profit with clear purpose.

As purchasing decisions today are being made more for what a company stands for than the actual goods and services they produce, it becomes critical in the We-Conomy for leading organizations to not just talk the talk, but walk the walk. Whether it is building a business from scratch designed to benefit the collective we from inception, or carving out a long term triple bottom-line strategy for a legacy brand, action today speaks far louder than words.

**This phenomenon is not regional, but global, and will only continue to rise in significance. Smart and astute brands will not only understand the weight of this new paradigm and act accordingly; they will create the necessary scale required for actionable implementation on a globalized basis. 🌐**

# Info



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