FastCasual.com
insights for innovative restaurants

The changing role of corporate consciousness

By Valerie Killifer
August 13, 2012

In 2007, the CEO of Whole Foods, John Mackey, wrote a thesis on the new business paradigm of corporate consciousness. In the case of Whole Foods, Mackey's approach has worked well for the company and its customers.

While not a new way of thinking for other executives like him, the idea of corporate consciousness as a business model is finding vocal advocates among restaurant industry leaders who are achieving sales success through this approach.

Corporate consciousness has been defined as a cognitive path to information processing, rather than one based on moral responsibility; however, the business model does have moral implications as it pertains to businesses and their share of social responsibility.

Panera Bread's launched and much-discussed pay-as-you-go model, Panera Cares, is focused on sharing the obligation of taking care of community members in each location the non-profit restaurant operates.

"We call this café a shared responsibility," said Ron Shaich, Panera Bread founder and co-CEO.

Shaich has operated Panera Bread on the premise of corporate consciousness and putting customers first in an effort to have a profound impact on the guests and communities the restaurants serve.

"The market is giving us half of our value based on expectations of where we're going to be in the future, but all of that is delivering for stakeholders. To me, what it's about is … making a difference for our guests in new ways that get people excited about being part of the communities they live," he said.

"You can be completely focused on corporate capitalism and the stakeholder perspective, but that doesn't guarantee success. Success, in the restaurant industry is because people walk past your competitors and come to you. In a business sense, it's about competitive position. That position, in my view, is focusing on customers first. The goal is not just to go after financial returns." Under the umbrella of corporate consciousness, companies stay focused on the guest experience despite the ebb and flow of operational expenditures. And that focus is what creates the value of the experience in the guests' mind.

By delivering and building an affiliation with guests, introducing new customer solutions to operational procedures and by figuring out how to execute the model, Shaich said companies such as Panera, Buffalo Wild Wings and McDonald's continue to thrive.

"All of those drive new profit, but it isn't about driving profit. I want to live a long life, but that's a byproduct of focusing on what I do every day. The same goes for building value in an economic sense. Value is not created in cutting costs. Value is created in having people excited about coming into your restaurant," he said.

During the company's times of great success, Shaich said he built credibility and harbored resources in order to establish long-term value.

"We slowed down growth when we thought development costs were too high. We invested in the customer experience when everyone was cutting out costs, and we saw comps go up during the recession," he said. "I care about delivering results every quarter so I can do the stuff that creates value long term. The quarterly results enable me to create the long-term value, not the other way around."

Uncommon service

The idea of corporate consciousness ties into another shift in the current business-model: companies building or redefining their brands under a more defined service-oriented approach.

While every company is developed to serve a purpose, the path to service excellence isn't intuitive, said Anne Morriss, co-founder of Concire Leadership Institute and author of "Uncommon Service: How to Win by Putting Customers at the Core of Your Business."

Morriss said one barrier to service excellence is that many companies, in order to be great at what their customers value most, have to underperform in other areas.

"You can't be good at everything," she said. "Great service companies optimize [their strengths] very rationally."

Morriss cited Southwest Airlines as an example. Their customers care most about lower prices, which is what they offer, but the company also is not going to feed them during flights.

"As a customer, you're happy to make that tradeoff," Morriss said.

The uncommon service model also requires brands to manage its customers in the same way Starbucks and Chipotle have done.

"One thing Starbucks has done well is manage its customers. They had problems in the beginning as lines were a big issue for them. When demand was highest, that was when the line was the slowest. They introduced this whole new vocabulary and trained us on it in a way that customers were delighted to use it. They figured out how to get us all to adopt it very quickly and to get people to order correctly, which had a dramatic influence on the speed of lines," she said. "Starbucks was thoughtful on the value experience."

Chipotle has done much of the same through its approach to customization. Consumers became part of the transaction and learned to engage with employees at the store-level in an all-new way. And since the Chipotle menu is limited to five items, "it doesn't create a burden of complexity on employees," Morriss said.

"Just from a values perspective, it mirrors an evolving consciousness among consumers that these are the brands that are taking that journey with them and want to build integrity within the business model," Morriss said.

"Consumers are building value in corporate consumerism. They're not going home to write checks for United Way, they are making very core decisions about where they're going to shop. When companies build that into the core of their business model, rather than support their local softball team, that is very consistent with the way consumers are making decisions about their own lives."