

Corporations Must Become Socially Conscious Citizens

by Ron Shaich
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I recently heard that the only group held in lower regard than corporate executives in the United States is Congress. Wow! Think about that. What a terrible blow to business. And yet, I'd argue that it's our own fault. By serving narrow self-interests, we — the business people of this country — basically facilitated this mistrust. We have been purveyors of our own doom. There's a reason the Occupy Wall Street movement was hatched and a reason why its message is growing more pervasive.



The shine on corporate executives has been more than just tarnished by the economic events and hardships of the past three years. It's all but gone. Too many corporations view their role as extracting profit ("hit the numbers!", "deliver the bottom line!") from society as opposed to viewing profit as a byproduct of delivering a valued service over the medium and long term. A stock pop on the heels of the release of monthly sales results contributes little to customers, employees, or communities, and yet that is exactly what all too many corporate executives are focused on and live and die by.

Given that we — the business people of this country — are responsible for our bum rap, I think we're also responsible for restoring its luster.

Enter new approaches to capitalism — some are calling it conscious capitalism or enlightened business. I'd call it simply "enlightened self-interest." This notion of a conscious and long-term approach to value creation — when put into proper application — serves long-term shareholders extraordinarily well and has the capacity to favorably reshape the public's perception of corporate America. It is built on the fundamental premise that every business has a deeper purpose than merely short-term profit maximization and, more importantly, a responsibility to all of its stakeholders (customers, employees, vendors, investors, community). With such a model, profit is merely the byproduct of delivering something that serves society and a broad range of stakeholders.

When I go to the ATM, I'm usually required to make a deposit before I make a withdrawal. I'd argue it's the same in business. We have to spend less time figuring out

how to extract economic value from our stakeholders and more time creating what is valuable to them. Doing so is what ultimately creates long-term value.

There are countless and creative ways in which companies are beginning to do exactly that. I find an experiment that the Panera Bread Foundation conducted to be an interesting example.

About two years ago, we began noodling around this idea of leveraging Panera's core skills to affect positive — heck, lasting — change in the communities in which it served. Panera operates some 1,500 bakery cafes nationwide. We've been opening two cafes every week. Our belief was that the national scale of our operation provided Panera the opportunity to turn that core competency against a societal ill and uniquely make a difference in addressing the food insecurity in this country. We continued to kick the tires on this idea and decided: we were going to tackle an issue by skill and sweat equity rather than, say, hand-outs or day-end product donations, which Panera had been doing, and continues to do, through its Dough Nation program.

This revelation manifested itself in true bricks-and-mortar form as a Panera Cares Cafe in a St. Louis suburb — a non-profit, community-based, pay-what-you-can iteration of our established, commercial Panera, LLC cafes. Today, we are three cafes strong. The ultimate hope is to open one in many of the markets Panera serves. We call them community cafes of shared responsibility.

These cafes are virtually indistinguishable from a Panera — same menu, same comfortable environment, same friendly people. Instead of prices, however, we simply suggest people leave their fair share. In lieu of cash registers, there are donation boxes. Every guest is on their honor and every guest is welcome, whether or not they can leave a monetary contribution.

Though Panera Cares is still somewhat of an experiment, our three community cafes have proven to be sustainable thus far. As well, we expect to serve as many as 1 million people in these three cafes and to add additional programs to benefit the community.

My point is this: Corporate America will both serve its shareholders and strengthen its reputation when it finds ways to use its expertise and core competencies, as well as its scale, to be truly conscious citizens. Imagine if more large corporations were more active in trying to address social needs locally.

For every vital service now being provided by a not-for-profit or government entity in this country, there is almost certainly a large corporation with the skills, experience, and scale to vastly improve and increase the capacities of those organizations.

Food banks serve a vital function, but they are often disorganized and inefficient. Yet there are huge national retailers with vast experience in procuring, moving, and delivering goods, including perishables. The nation's largest home builders, construction

companies, and industrial designers could vastly increase the humanity, efficiency, and capacity of our community homeless shelters. \

Consider key competitive advantages companies hold. For instance, what might a Google do with the world's best search algorithms? Could it play an integral role in homeland defense? How about Apple's prowess in design? UPS's and Federal Express's for transport? There is no dearth of expertise to be passed on.

You need only look to Zucotti Park to see that big business is taking it on the chin from citizens who are at best weary and at worst completely mistrusting. Rethinking why our respective organizations exist and then contributing what we do best as businesses, directly to the communities, could rehabilitate perceptions of big business and capitalism as being wrong, evil. Businesses should not be stigmatized for or bashful about making money if they are conscious about their place and purpose in society.

All leaders have a lens through which they view success and accountability. You often hear CEOs say that their first obligation is to their shareholders. I agree, but shareholders are served best when CEOs focus on serving the range of stakeholders involved in a company first. We have to remember that public companies are chartered to serve our society, not simply the shareholder. In the end, long-term shareholder value is delivered when companies relish their broader role. Today we call it conscious capitalism; tomorrow a new term will emerge. Whatever the name, we need more of it.