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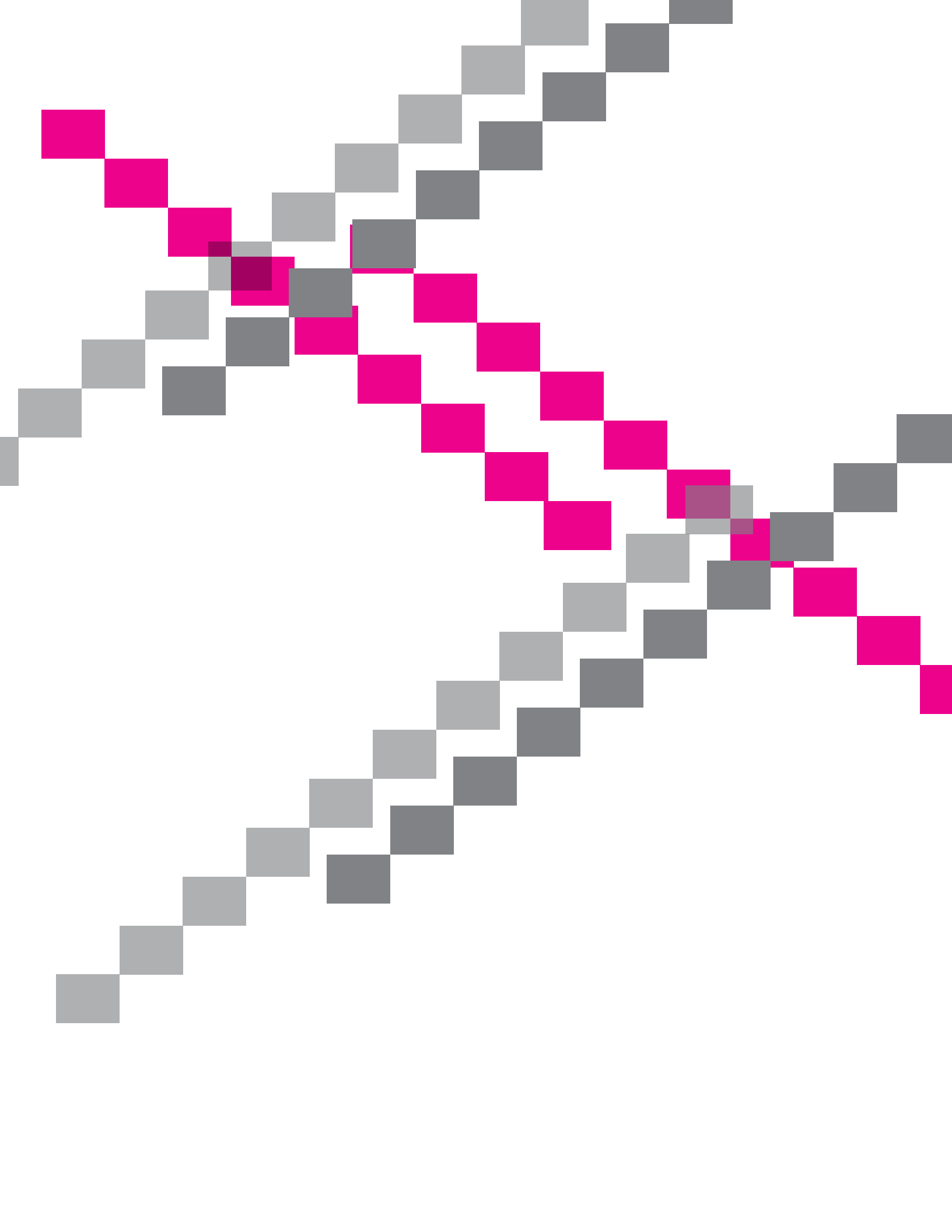


# How Conscious Capitalism Can Deliver Value

In the past four years, we have experienced an absence of federal leadership on key environmental and social issues. In response and in contrast, we have also witnessed leadership emerge in a traditionally unexpected place: business.

2020 delivered a triple challenge to business in the form of a global pandemic, social justice movements demanding real efforts toward remedying long-overlooked racial injustices, and disasters undeniably driven by our changing climate. Business leaders—including ILLUME's own leadership—have been asked to grow to meet the demands of this unprecedented year. And while much of our activity has been responding to the unique demands of this moment, we have also had to ask ourselves: What is our role in creating our ideal future? And then to ask, What is the role of utilities and businesses in response to issues of climate and social justice? What is the role of business as our social safety nets fail? How do we respond equitably and inclusively?

Here, we share the lessons learned by ILLUME's leadership.



## Your Core Values Determine How Resilient You Are

From the onset, it was important for ILLUME to model the company around a “feminist” business model; we solved for the talent gap in our industry by ensuring our employees never had to decide between peak career and peak family. Leaning on our values, we built a company that centered the experiences of families. While we aimed to solve for the challenges faced by our female founders, we created a firm that took a person-first view of business. Embedding flexibility and open dialogue into our business model set us up to weather the unrealistic demands of managing work, virtual school, and home in 2020.

It is easy to look at the energy world as one large system of supply, demand, and massive, enabling infrastructure. In the same way, it is easy to view business as only revenue generating. However, the primary stakeholders of our energy industry are consumers who are often reduced to revenue and demand statistics. As utilities and program administrators look to their core values, how might you (re)center the everyday people, families, and communities that make-up, and rely on, our electric grid to achieve resiliency in years like 2020? What might that look like?

## What is Conscious Capitalism?

Conscious Capitalism is a framework that looks at businesses as agents of good, delivering both economic and lasting societal value.<sup>1</sup>

Conscious Capitalism has: 1) **Higher purpose and core values**, 2) **Stakeholder integration**, 3) **Conscious culture and management**, 4) **Conscious Leadership**.<sup>2</sup>

The concept of Conscious Capitalism is attributed to Whole Foods Co-Founder, John Mackey, who rejected the mythology of profit as the sole purpose of business in his book, *Conscious Capitalism: Liberating the Heroic Spirit of Business*.

Famous conscious brands include: REI, TOMS, Patagonia, Klean Kanteen, and Netflix, among others.

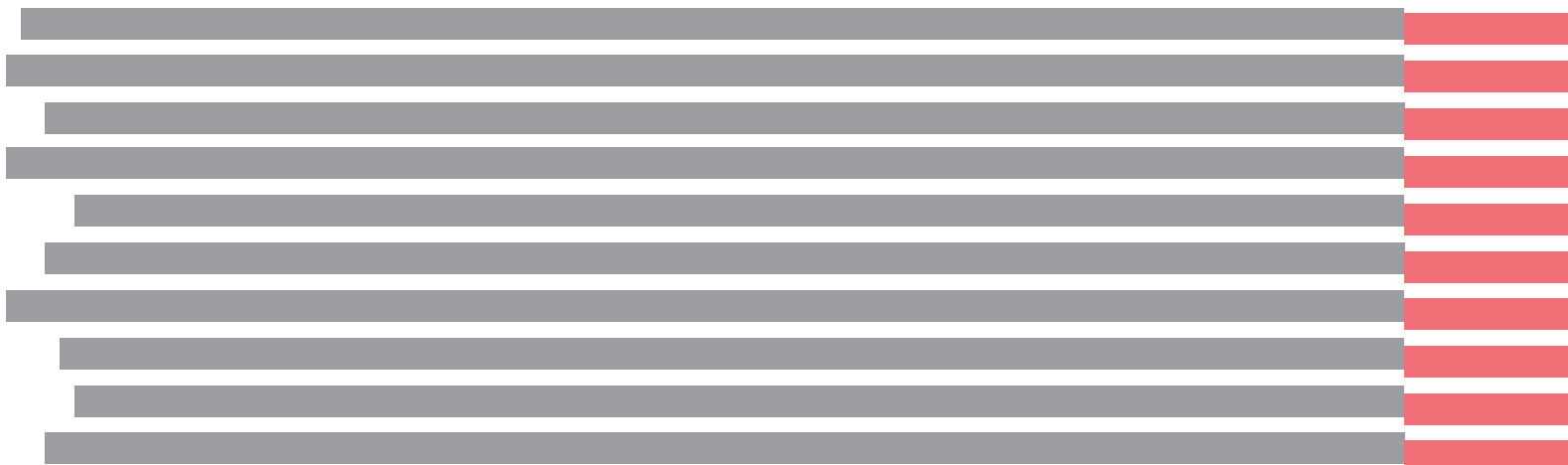
# Addressing Issues of Social and Environmental Justice is a Business Imperative

Be careful not to overestimate the role of government and underestimate the role we play in the lives of our customers. In last year's magazine, we posited the idea that failed social safety nets would result in revenue erosion and long-term challenges for utilities. This piece was prescient in light of 2020, as the pandemic resulted in lost jobs and pressures on businesses and households that forced utilities and public utility commissions to provide additional bill payment assistance and issue disconnection moratoria.

While utilities are used to providing bill payment assistance, the sheer magnitude of the pandemic's impact is bringing unprecedented challenges. As millions of Americans also face housing insecurity, this puts undo pressure on municipal utilities who are already feeling the downstream effects of uncertainty. In the city of Naperville, a western suburb of Chicago, the total amount of past due utility bills is close to \$2.9 million. "Somebody's going to have to pay for it. . . We need to get that back on track," said Naperville Mayor Steve Chirico.<sup>3</sup> The amount in arrears in 2020 is five times higher than what the utility's 3,500 residential and business customers owed in 2018.

What is clear is that government alone cannot support us through these new threats. Utilities and the private sector can expect to be called upon to generate smarter, pro-social, and more forward-thinking business and policy strategies to address ever-growing challenges, including how to mitigate the impacts of climate change by better buoying their constituents.

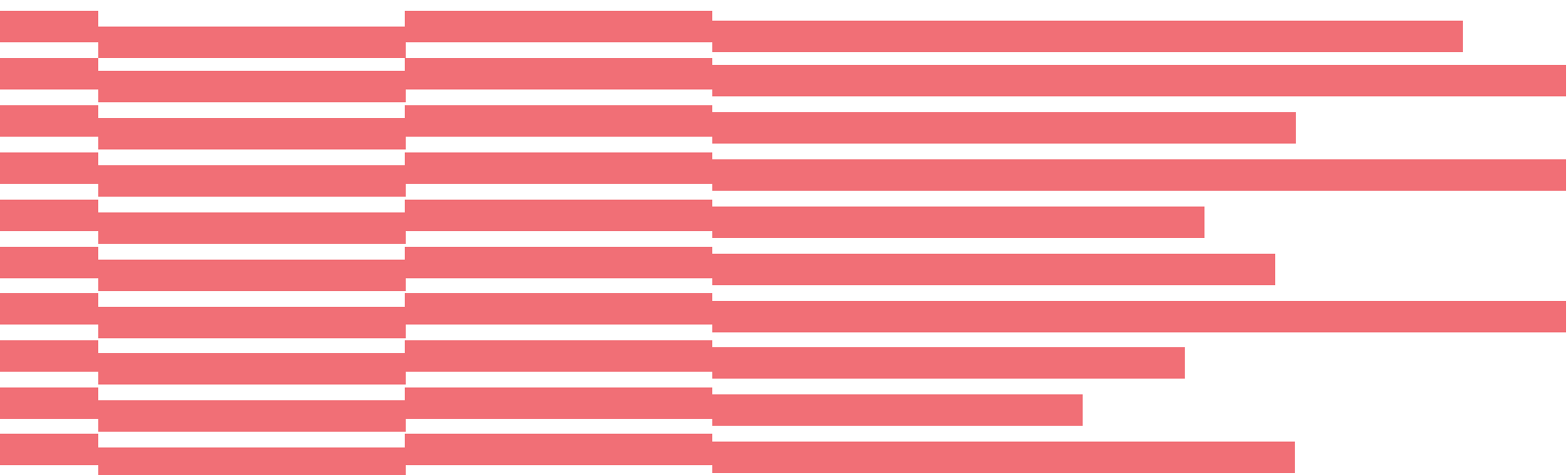
In the last couple of years, utilities like Xcel, Southern California Edison, Duke Energy, and others have put forth strong mandates to reach net-zero carbon, while companies in the private sector have been increasing their targets for reducing carbon emissions for the last 15 years.<sup>4</sup> The challenge of zero carbon is a huge lift that will occur over many years. In parallel, utilities and program administrators will also be challenged to develop solutions that better inoculate the public, and their revenue, from continued resource erosion.



## You Are Only As Successful As Your Team Is Fulfilled

Like most companies, ILLUME is in constant conversation with our team. Our team is in constant conversation with the worlds they live in. If we are not tending to the issues that impact our team, then we are not creating an environment where people can thrive. To support our team through 2020, we developed parent guidelines for the pandemic and connected our teams to resources and ideas to help make stay-at-home orders livable. After the murder of George Floyd, ILLUME launched a webinar series on energy and equity to help improve our practice, address the concerns of our employees, and empower our industry to take on racial justice. But more importantly, we underwent our own diversity, equity, and inclusion journey with the help of Sherard Robbins and the team at Visceral Change.

On a recent podcast Holly Gregory, an expert on corporate governance at Sidley Austin, LLC, a global firm representing energy clients and other industries, framed the challenges ahead of companies in 2021, saying, “The COVID pandemic really reminds us that corporations are central to our well-being... The pandemic underscores the social (the S) in ESR; the dimension around worker health and safety, worker support and motivation in a virtual workplace, hiring, retaining, retraining workers... I think boards will be well-served to really dig down on how the company is approaching issues of diversity, how it’s ensuring a recognition of these issues.”<sup>5</sup> When companies buoy employees with resources, this allows them to optimize their family/lives in order to show up for us.



# The ILLUME Way: Bring Your Values to the Center of Your Business Strategy

What are some ways that companies can lean on their values to step up for their employees and customers? Here are a few clutch tips from a recent conversation between ILLUME Founder and Co-Owner, Anne Dougherty, and Ryan Tansom, host of the Intentional Growth Podcast.

## **Build a business with a human perspective:**

We created better services for our clients by taking care of our employees and refocusing the attention of our research on the dreams and aspirations of the humans in their lives. Imagine what might be possible if your business or organization centers human challenges as the opportunity instead of the roadblock.

## **Align your work/company with your values:**

Living true to your values does not mean you cannot make money. But it does require that you abandon many myths about business. Revenue and employee health are not mutually exclusive. Pro-social investments are profitable. Taking care of your supply chains, even if it costs a little more, is a smart investment. Dig deep into your values to find ways to better align what you do (the how) with your greater goals (the why). Also, it is time to begin to center the experiences of employees and customers who have been long disenfranchised. Tap into this and you will discover a new company within.

## **Make your employees your co-conspirators:**

Think of your employees as a (functional) family. You are all in it together. Remember that your employees are not your adversaries. It is okay to be clear about your goals and to be transparent about financials. Also, be clear about your expectations. For our consultancy, that requires communicating billability metrics, key areas of responsibility for every employee at every level, and ensuring they fully understand the benefits they receive in exchange for their work. It is important to ensure that the keys to success in your business are clear, transparent, and understood by everyone. And like every family, happiness requires constant and intentional communication.

## **Listen to your team and have the hard conversations:**

Shared understandings of performance metrics are central to success, and they are great catalysts for conversation. Respect that people are showing up and choosing to be part of your company every single day. They have choices. Remember that the benefits your employees want are small; what it costs you is small relative to what everyone gains.

## **Pass it on:**

Business can step in where government has failed. The dueling realities of Main Street and Wall Street are a call to action. Conscious capitalism can better our lives. However, to do it we have to rewrite the creation myth of business – why we have businesses, what they do, and who they serve.

