



“Purpose Despite Peril,” with Conscious Capitalism CEO Alexander McCobin as originally aired June 9, 2020

Chelsea Brasted: Hi. I'm Chelsea Brasted, the content manager for Sidecar. I'm here to introduce you to today's SURGE keynote guest, Alexander McCobin. Alexander is the CEO of Conscious Capitalism, an organization that builds and supports a global network of conscious leadership based on a philosophy that when practiced consciously, business elevates humanity.

Alexander started his journey to Conscious Capitalism as an academic. As a doctoral student at Georgetown University, he attended his first Conscious Capitalism Annual Conference in 2013 and within a year, he left school to run a business. He'd started as a student, and he eventually turned that into a multimillion-dollar operation. We turn today to chat to Alexander about what it means to have an entrepreneurial mindset while still trying to do some good in the world.

To go ahead and get started, Alexander, I wish if you could just explain to us, what it exactly means to be a conscious capitalist and how do nonprofit organizations fit into that? Or do they?

Alexander McCobin: First, Chelsea and Ashley, thank you for inviting me to join this virtual conference. Conscious Capitalism is just a way of thinking about business and capitalism that emphasizes the human nature of the endeavor. In particular, when I say "business and capitalism," that doesn't just mean for-profit, it means any private association or organization, which includes nonprofits and for-profits. Nonprofits are an integral part of the capitalist infrastructure.

When you talk about individuals being conscious capitalists, whether it's in a for-profit or a nonprofit, it's about them really understanding that they are organizing human beings to achieve higher purposes than just making money or maximizing profit. Money and profit are important to serve that higher purpose, but that's the proper structure. They serve a higher purpose rather than some purpose serving maximizing profit. That's the first tenet.

The second tenet for Conscious Capitalist is stakeholder orientation. It means recognizing the impact that an organization has on many different groups, employees, customers, or demographics that they serve, investors or donors in the community and others that the organization identifies and finding win-win-win

solutions to benefit all of those stakeholder groups, rather than thinking in win-lose terms where one group benefits at the expense of another.

The third tenet for Conscious Capitalism is conscious leadership moving beyond just being analytically intelligent, to also being emotionally intelligent and systemically intelligent, taking on emotional intelligence from interacting with three people to 30, 300, or 3000 individuals, and then even a spiritual intelligence of representing the values of the company in a person's own BA and really leading from a place of love, empathy, understanding, and creativity that goes beyond what we might normally think of as the business leader just making tough decisions all-day-long.

Then the fourth tenant is developing a conscious culture, not only having a strong strategy to fulfill your impact or generate revenue, but creating a culture in your organization where people are able to fully and authentically be themselves as human beings and actually utilizing that culture. Again, the greatest results possible for your higher purpose, for stakeholder orientation and everyone being a leader, realizing that it's those daily interactions that define a culture, that really drive an organization, in many ways, far more than whatever you've written down as your one, five, or 10-year strategy for the organization.

Chelsea Brasted: How does a nonprofit organization fit into that mindset?

Alexander McCobin: It's all about just thinking how an organization should be structured and how you should lead your organization, whether it's designated as a for-profit or designated as a nonprofit. One of the things that's exciting for me having worked in the nonprofit space for over 15 years now is how much more similar for-profits and nonprofits are beginning to look like these days.

The for-profit world is starting to realize that it needs the higher purpose in the sense of serving people that nonprofits have had for so long and nonprofits are beginning to realize they need to have the efficiency for impact and results that for-profits have been able to do for so long. The more that we're able to actually merge those two concepts and do away with a big distinction between for-profit and being nonprofit and just getting to the idea that we have private organizations where people are working together to achieve some kind of good in the world with different structures available for how they do that, the better off we're all going to be.

Chelsea Brasted: Yeah, there's something that you hear relatively frequently in the association space, that nonprofit is just a tax status and it feels like that's a very similar vibe.

Alexander McCobin: That's absolutely right. Don't let a tax status constrain your thinking for how to organize or make a difference in the world.

Chelsea Brasted: Yeah. Thinking about the world at large right now, things are a little crazy. We're dealing with the coronavirus pandemic and for, I think, every single person in our audience who is working for one of these member organizations, they represent who knows how many additional people in these individual industries that are feeling pretty rattled right now. How important is it in that context to stay true to the purpose of your organization versus just finding some immediate fix to get out of this crisis?

Alexander McCobin: I hope my answer is not surprising, but this is the time for organizations to lean into their purpose, why they exist in the first place, more than ever. As tempting as it can be, perhaps, when you're in reactive mode, where you, your team, your donors, everyone is worried, people are thinking about the worst-case scenarios that can happen and what do we need to do this week, today to get through? So many people can think in short-term bursts instead of the long term, and you need to survive right now, you need to get to the long term, but you can't forget what the long term is and stay oriented towards that by staying true to your purpose, your principles right now, to get to that place.

On one hand, that is how you get through it right now. When leaders make tough decisions, the best ones are those that leaders are going to be proud of one and three years from now, not just what's going to get them to tomorrow or next week and thinking, "What are people going to consider a year, three years from now, both in the nonprofit and the for-profit space?"

Let me give two examples of this. With the PPP CARES loan in the for-profit space, we're already seeing some businesses who access those funds that maybe weren't intended to receive them. They were larger than they were supposed to, a lot of small businesses didn't get them.

A great example of leadership coming from a conscious capitalist perspective is with Shake Shack, the company started by Danny Meyer, Union Square Hospitality Group has been getting a lot of attention recently where they announced just a few days ago that they initially applied for a CARES loan, got a \$10 million forgivable loan approved, but that was because they didn't realize what it was for. They recognized it was a mistake for them to get it instead of others and they're giving the money back.

What incredible leadership where they're saying that "We're thinking about supporting their team, getting through this difficult period," but also staying true to their purpose and their principles. When they realized that what they had done wasn't actually in alignment with it, they changed course of giving the money back, and they're going to stay true to what matters to them because they're thinking about their purpose in the long term.

In the nonprofit space, one of Conscious Capitalism's board members is Lynne Twist, the president of The Pachamama Alliance that does incredible work with indigenous groups in the Amazon Rainforest and is supporting environmental

protection around the world. The Pachamama Alliance, as they've been very public about, has been going through tough times like other nonprofits. They're seeing donations decrease, they're seeing threats to the communities that they serve with the coronavirus actually reaching indigenous populations in the Amazon Rainforest right now, which is frightening for a variety of reasons.

But they're also seeing "miracles happen," as Lynne describes it. They received an anonymous million-dollar donation from someone who said, "I know you're hurting. I care so much about what you're doing and you continuing to stand up for what you believe in right now. I'm going to write this check, keep it going."

That's not going to happen to everyone. We can't all expect an anonymous million-dollar donation, but the reason they were able to get that is because even during this crisis, they stay true to their long term commitments in thinking about what their values are to get them through it and their donors recognize that. Even if they are seeing donations decline, people who were pledging a hundred-thousand dollars before are still giving something, even if it's just 25 or \$20,000, to help them through right now. They're getting new support that they weren't expecting before.

There is a return for nonprofits, even in the short term, potentially, by staying true to your principles, your values and your purpose. There's more of a need to do that now than ever and especially to communicate it. Communicate with all your stakeholders, what you're doing to live up to your purpose, so they know that you're doing this, how you're making it through, the challenges that you're facing, too, so that they're able to support you and work with you to get through this.

Chelsea Brasted: Do you think there's reason right now to look at the landscape that we're all facing economically and feel actually optimistic?

Alexander McCobin: If we're not optimistic, I don't know how we get out of bed in the morning. On the one hand, there's no sugarcoating that we are in an incredibly challenging time. It is scary out there for a lot of people. A lot of people are hurting, both from the health impact of the coronavirus and the economic fallout of the response that we needed to take to this. It's challenging for organizations to just survive right now for a lot of them.

But this is also an opportunity to remember why you exist, to cut any fat out that you can that might've been there just because it was legacy, it was okay as you were growing and you had extra revenue available, to really figure out how to get more efficient, and to even go back to the drawing board and rethink, "How do we make the biggest impact possible?"

There is a whole new economy about to start up when we get back to business, for both for-profits and nonprofits. It's going to be one that emphasizes the human nature of business even more. I'm not only saying that because, because I'm with Conscious Capitalism, but because we're seeing businesses lead into their purpose, their stakeholders, having that orientation more than ever before right now.

We're going to see that even more because people are looking at which organizations are supporting them right now and they're looking to support those for-profits and nonprofits more, both through this short term and when we get on the other side of this. I think there's absolutely reason for people to be optimistic. We've been through crises before, not like this one, but each time, it was unlike anything before.

At Conscious Capitalism, we've been running a virtual conference, too, and we've had incredible business leaders like John Mackey from Whole Foods, Ron Shaich from Panera, Kip Tindell from The Container Store. They've all talked about what it was like to go through the 2008 financial recession or 9/11, or even challenges in the '80s, the crises that we went through. We've always gotten to the other side because we have incredible leaders committed to getting us there and because we see humanity coming out, even in this crisis right now. We absolutely should stay optimistic while recognizing it's going to be a slog. It's going to be tough to get it there, but there is another side to us.

Chelsea Brasted: What recommendations would you have for any of these legacy organizations? A lot of associations have decades, if not longer, of history. What recommendations would you have in this moment where being nimble and reacting quickly to what's happening is vital to moving forward? How do you start addressing some of that entrepreneurial mindset in a legacy organization that maybe isn't used to do it?

Alexander McCobin: For some organizations, the starting point is even going to be to ask, "What is our purpose beyond whatever is written down that might be ambiguous and highfalutin that doesn't actually give it definition?" Unfortunately, there are some legacy organizations like that. Also, what purpose was the organization started for, especially if it was created a hundred years ago and what that means today? This is actually an incredible opportunity to think about what that means for this new world and recognize that there's a difference between that higher purpose and the strategy and tactics to fulfill that purpose.

The second question is: Once we know what our purpose is, what are we doing that serves that purpose still and what are the things that may not be? What are the things that maybe are just legacy, that have been there for a while? It is time for us to change the way we do things to fulfill that purpose in this new environment.

Don't feel like this has to happen right away. This is one of the things that I've learned from talking to the many business leaders in Conscious Capitalism the last month is that it feels like we need to respond right now and sometimes there are decisions that you have to make in the moment or this week, but a whole lot of this is going to take time. This recovery is going to be with us for years, it looks like, and that means every organization has years to develop its new strategy and response to that new approach to living out their purpose in the new world.

That should be a little relieving. It is for us as we think through how we serve our businesses and elevate humanity through business going forward, because we can take the breathing room to brainstorm, to think through, to talk with our stakeholders and really put a sound strategy together for this. I think that's wise advice from incredible business leaders in the Conscious Capitalism network that for-profits and nonprofits should lean into.

Chelsea Brasted: I want to ask about Conscious Capitalism and your experience in the organization specifically. Through this pandemic, what's been maybe the most difficult, challenging, or surprising part of this? What have you learned in this process leading an organization in the last couple of months?

Alexander McCobin: What's crazy is that it hasn't even been a couple of months. We are talking a month-and-a-half here.

Chelsea Brasted: It feels like a year.

Alexander McCobin: Sorry?

Chelsea Brasted: I said, "It feels like a year."

Alexander McCobin: It feels like it's been a year, but I can look at the date that we realized this was going to be a more serious issue. That was March 2nd, a Monday when we were supposed to run an in-person conference in Jersey City. Last week, I think in the middle of April, we realized that probably wasn't going to happen and had to start taking action to address that and figure out how we serve the community without being able to bring people together in person.

While that was a little jarring for us, the biggest surprise to me going through this was just how devastating this really has been. So many of the businesses in the Conscious Capitalism network have sound underlying businesses, strategies, finances, but when the virus hit and shelter-in-place went into effect and the economic fallout started to happen, we saw companies like everyone's been reading about having to furlough or layoff thousands of employees, companies that are just so committed to their higher purpose and taking care of their people. They were devastated by having to do this.

For me, one of the biggest lessons has been watching those leaders make such difficult decisions, but do so in a conscious way, still so committed to every one of their stakeholders, trying to find the best win-win-win solution they can when it doesn't look like there's a win-win-win, when you're not able to thrive, you're just trying to help everyone survive through this, to get to the next phase where you're able to thrive.

There is a way for leaders to do that, if they give themselves the space, the presence, and remain committed to their purpose and their stakeholders to find a way through. It's not always easy. It does take some time. It takes practice to get to

that right mental space to be ready for it, but when it happens, it is amazing to see what can be done

Chelsea Brasted: It's interesting you mentioned that because I think especially in the context of the association leaders we have in our audience who are working with some of these leaders in their own turn, who are heads of restaurant associations or beauty parlors or movie theaters or anything like that where we have seen just a massive international pause on business, do you have any advice that you would want to channel in that direction for these leaders who are working with other folks who are having to make these difficult decisions or have those conversations about furloughing or layoffs or any of those sorts of issues?

Alexander McCobin: The biggest piece of advice from Conscious Capitalism right now is that you don't have to do this on your own and you're not the first person to go through this. It's really easy for business leaders to feel isolated, especially if they are trying to run on these principles and they don't necessarily have a network of like-minded CEOs or CFOs or others to support them through that. That's what we're leaning into as an organization is providing a platform to connect those like-minded business leaders, to have those conversations.

I just can't encourage business leaders enough to reach out to others that they know are going through this or that if they don't know who those leaders are, to give them advice, to brainstorm ideas, to reach out to associations, to networks that do have those connections, to have those conversations and draw upon the wisdom of others because in business, as with everything else in this crisis, we're going to get through this together. That's the only way we'll get through this. Don't feel like you have to do it on your own.

Chelsea Brasted: Do you think it's possible to use this uncertain moment and build a better future? If so, what do you think the keys are to navigating that path forward?

Alexander McCobin: In times of disruption like this, there's always an opportunity to rebuild in a different way. We're seeing that happen right now from Conscious Capitalism's side, both with the businesses in our network, thinking about how they're going to come out of this stronger, more committed to their principles and more creative in how they serve their stakeholders, recognizing the new world, as well as with allied organizations. Conscious Capitalism is a founding member of a coalition called Imperative 21 with other groups like the B Corp movement, JUST Capital, Chief Executives for Corporate Purpose, the Coalition for Inclusive Capitalism and the B Team.

What's amazing is that each one of these organizations, all operating in different areas of business as a force for good as a movement, are coming to the table and saying they're seeing this in their networks, too. Their businesses are coming out with new approaches that they want to share with the larger business community.

They're doing research on what practices are most effective right now that embody principles like a higher purpose and stakeholder orientation instead of just, "Make as much money in the next quarter to support our shareholders when everyone else has a means to do that."

It's going to face opposition, no question. This always has and change always will, but there's a real opportunity, not only from, from those of us who have believed in these principles for a long time, but from others who have been skeptical for a while and now realize people are paying attention to what they do beyond the products and services they offer and the price point for it. They're looking at the cultures, the way they're taking care of their employees through this, the way there's communicating with their community and helping everyone get through this crisis.

People are going to remember that, so more business leaders, more leaders in society, I think, are starting to understand the importance of having a conscious approach and are leaning into it. We need to share what people have been doing for the last 10, 20, 30 years in this space to show that there's a roadmap. There is a foundation to build upon here and from there, we can have something incredible come about from this if we're willing to put ourselves out there and build in that direction. It's not going to happen on its own, but the potential is there.

Chelsea Brasted: One of the things you mentioned just now is how people are paying attention to how organizations are in a couple of the different examples you used, but one of them was treating their own people. I think right now, that's a very visible thing because we do have so much unemployment, we do have so many furloughs and things like that. Do you have any advice for leaders who are figuring out how to best communicate with their staff through a crisis, as we're all figuring this out at the same time?

Alexander McCobin: One thing I would say is go take a look at Conscious Capitalism's virtual conference as well. We've gotten material just on this topic from people like Kip Tindell, the co-founder, former CEO of The Container Store who talked very explicitly about how leadership is communication and especially right now, there is no way to over-communicate, or Ron Shaich from Panera actually saying in one of our sessions that "Until you hear from your stakeholders that you're annoying them, that you're over-communicating, you haven't over-communicated." That's probably the best advice I can give and just re-share with everyone from Ron.

It's so easy for us to think, "I've said this before," "Oh, I've sent an email out. I've done that." It's not enough. Literally, until you have a large number of people say, "You're annoying me. I can give your speech for you. I know what you're doing," you haven't communicated enough. People are going to, they're going to miss some emails, they're going to misunderstand what you've said. Even if they got it before, they want reassurance that you're staying committed to that as the conditions change, as the world continues to become so different. It's not even so much about

what you're saying, although that substance is important, but be honest and heartfelt with it and keep communicating it over and over with them.

Chelsea Brasted: Alexander, as we work toward wrapping this conversation up, I wanted to ask, as we're looking ahead at the unknown future, what are the questions that you're asking and what are the things you're going to be looking toward for your own organization? As you're speaking with other businesses and other organizations, what are the dangling questions you have that you'll be seeking to answer in the future?

Alexander McCobin: Like everyone else, we're asking, what does a world look like where there are less in-person interactions? If we can't put in-person conferences on as much as we used to, how do we engage our community? We've been a virtual workforce for a while. We've got chapters around the globe that we connected with on Zoom and other virtual platforms for a while, so we're pretty strong there.

What I'll say that we're recognizing we need to do now, though, that I think is important for everyone to lean into, is ask: What can we uniquely do differently from other organizations right now to serve our community and to serve humanity? Because so many people are doing great work right now. We don't want to replicate what they're doing when others can do it better. We need to ask, especially as things change so much, not only what's our purpose, but what's different about Conscious Capitalism as a networking organization from others doing great work out there that we can lean into and that others are going to want to tap into so we can serve them effectively?

That involves researching and understanding our allies and others out there even more than before, because everyone is coming up with new ideas for what to do. It takes more research and understanding that everyone is going to do things differently. Even for us, we're not doing this in a silo. We're not trying to go alone. We're talking with other organizations to learn, "Okay, what are you seeing? What new initiatives are you creating?" so that we can drive people to that and not replicate it and let them know, "Here's what we're doing so you can drive things to us as well." That's going to lead to probably some brand new things that we hadn't thought of before, it's going to lead to us doubling down in some areas that we've been excited about for a while.

This is creating an opportunity to really grow. It's going to lead to just greater communication with all of our stakeholders as we've been doing the past month-and-a-half going through this. That's perhaps one of the most exciting things for us right now is that we're in communication with our stakeholders more than we have been in a lot of ways and we're going to maintain that because it's been so fruitful for us to serve them and for them to get that as much as possible from the Conscious Capitalism network. That's working for us and I think is something for others to consider as well for themselves.

Chelsea Brasted: Is there anything else you want to make sure you add or mention? Can you just let us know how our audience can get in touch with Conscious Capitalism and take advantage of some of those assets you were talking about?

Alexander McCobin: What I'll just say is that we're all in this together. Conscious Capitalism is here to work with not only our businesses, but other allied organizations going through this, as I was just saying. If anyone has any questions about what we're doing or information to share with us, please reach out and let us know. Our website is consciouscapitalism.org. You'll be able to reach out to us there, learn about what we're doing, and get involved in the movement if you haven't been a part of Conscious Capitalism before.

Chelsea Brasted: Awesome. Thank you so much. I really appreciate you taking the time.

Alexander McCobin: I really appreciate you putting this together. Thank you.

Chelsea Brasted: Thanks.