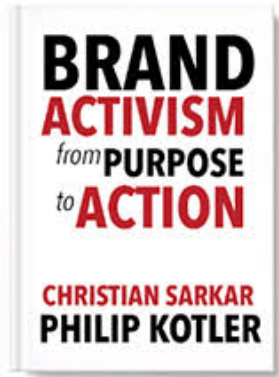


INTERVIEW WITH ELSIE MAIO
FOR PRINT VERSION OF *BRAND ACTIVISM*
by Phil Kotler and Christian Sarkar

(Embargoed until book release in Summer 2019)



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QUESTION

What message do you have for the CEO of a company embarking on the values journey?

Elsie:

Well, I have some tough love for that CEO. There's no time for a values journey now.

To begin with, your workforce is ahead of you. They are already animated by their sense of humanity and system identity. In fact, they are impatient for you to catch up and empower them to put those values to work to help restore equilibrium in society and the natural environment.

Other groups also think business can and should take that on now. For example at Google's storied walkout last year organizers first made their point about the trigger event, a lack of accountability for sexual harassment. Then they announced this issue was only the beginning, and called for a shift in management's worldview. Even employee surveys in the traditionally conservative financial services sector exhort leadership to catch up and visibly demonstrate system-supportive behaviors. The population bulge of millennials and Gen Z are notorious for their intentional system-supportive choices. And, even in the general population of 28 countries in 2017, three out of four people surveyed have said that business could simultaneously increase profit and improve social and economic conditions in their communities.

Second, the Board needs you to make that authentic pivot, too. Heavyweight investors are pressuring them to mind the Governance risks associated with your company's impacts on Social and Environmental systems. The big four asset managers have publicly threatened to pull portfolio companies who do not adequately address such ES+G risk factors. And a group of institutional investors doubled the list of traditional investment screening criteria with a set of granular system-friendly indicators, calling them NextGen investment criteria.

Last, you may never have another chance like this to bring a company into a generative new paradigm just ahead of an existential crisis, with so much support. Key constituents already want some kind of change, and VUCA operating conditions necessitate it. Even the biggest whale of the financial conglomerates, meeting with fellow veterans of the Predators' Ball this week talked about a need to 'change capitalism'. The oligarchy is deeply spooked by the flammability of social disequilibrium today.

But I disagree with what Jamie Dimon reportedly said there, at Milken's latest conference. *Democratic Capitalism* is elastic enough for this challenge. We just have to put the *demos* back on its throne. I'm talking about shifting the prime directive of business from maximizing shareowner value to profitably generating wellbeing for each. Anything short of that is a provocation to "Let them eat cake." And we know what that led to last time.

Sure, the risks of maintaining the status quo catalyze action. But the pivot also opens you to an unlimited commercial opportunity for the human family to solve existential problems and nurture a virtuous circle of wellbeing with the web of life. As a frame of reference, think about the \$12TR starting estimate for the 17 Sustainable Development Goals.

So that's the context, the meta journey worth taking now. Where can you, one leader, start? Pioneer cohorts have built a trail of outposts with lessons learned, pitfalls to avoid, data sets to mine and resources continuously refreshed over the past 25 years. Start your pivot there.

QUESTION

What did you observe when you first worked with Anita Roddick?

Elsie:

My first impression of Anita in person was, fire and ice. Anita was a fierce warrior for the soul of humanity. That's still a hallmark of new paradigm leaders, in my view.

To be clear, I spent only a few days with Anita, and more with her team. It was 2000 and I had just dedicated my company to social-impact. We were refining the SoulBrandingSM process by researching best practices of the most authentic pioneers in the field. The Body Shop was a visible one.

What I observed is the congruence of Anita's soul with her business. Back then, the personal care, cosmetics and women's fashion vibe was all about varnished, luxury brand name glamour. They were selling status. The Body Shop was selling a woman her own naturally empowered self in a ripe, natural world.

The Body Shop products were sensual, luscious, fresh smelling concoctions that celebrated the voluptuousness of nature -- and the dignity of living systems at the same time.

Center stage in the retail shops were the humans who grew and gathered those exotic gifts of the jungle forests. The shops featured public campaigns to honor and support specific members of the indigenous tribes who collected and provided those ingredients. Anita was among the first to initiate fair trade programs in the supply chain. The urban office of The Body Shop was a cross between a lodge in the forest and a local community center, full of cogent flyers and calls to action to switch local utility service to the renewable energy provider. At that time, she had an autobiography out but she was on fire for the activist workbook she'd published, "Take It Personally."

The Body Shop was her magnet, a catalyst to reawaken the System Soul in consumers. As it did in me. Her book was explicit about that, teaching readers to trace that throughline from the heart and soul to 'globally sound' decisions at the checkout counter. For her, motivation mattered and she called out business and policy makers to move on from their fear and greed. She embodied her values; they animated her.

Your readers are interested in activism, Christian, so my contrarian point of view might be interesting for them here. Because what I perceive as Anita's stance is opposite to what became the dominant trend, sustainability.

The ambiguous meaning of that word itself can shield a very different motivation from Anita's, and mine. For one thing, sustainable is not the same as flourishing. It is a stage of consolidation. And for another, companies often will define their sustainability by one particular issue, and ignore impacts on other nodes in their ecosystem.

Here's an example of a company we know well. They are the pioneer in one category of FMCG, environmentally sensitive household products. Everyone there was passionate for the wellbeing of the natural world. So much so that they were among the first to install a 'green roof', which was not core to their operation, *per se*. More a symbol of their commitment to the living natural system. Their employees were incentivized to cycle to work. Their products were the first of their kind to scale into broad international distribution. And they were proud to be such sustainability leaders.

But in their SoulBrandingSM Self Audit, they discovered an unintended consequence of their narrow focus. They left out the part of the living system that is human. Their HR policies and practices scored as unjust and dismissive. The culture respected the environment but not the people. That diagnostic was a rude awakening. But it allowed them to address the incongruence and restore integrity with employees. It was an object lesson in how unconscious bias is revealed when we relate through the lens of 'the other', the lens of whole-system reality.

In fairness, we've all become somewhat habituated to the ubiquitous if ambiguous sustainability norm. And it has led to at least one of society's existential crises, in my view. But the pain of those crises is rousing us to the fact that we live in a systems reality, hyperinterdependent with every aspect of life so dynamic and complex that it's impossible to wall off impacts. Our only hope is to collectively steward its holistic equilibrium.

QUESTION

What is a Soul Brand?

Elsie:

That's a good question. I may have a blind spot there. We don't really talk about soulbrands *per se* but think of it as an aspirational state.

Instead, we stand with the leader while they discover how to align the organization's actions profitably with the soul of humanity, with the wellbeing of the web of life. And we help build their internal competence to shepherd that process when we're gone.

In my experience, it's one of the most valuable skills our relational world today, calibrating what you say you stand for and the impact of what you do on other people and living systems. And it's tough to pull off in silo-ed leadership teams. But it's crucial. It's the place where operating effectiveness goes off the rails and it's the place where trust goes to die.

In these fraught times, trust barometers are flirting with negative territory, that is, people expect to be hurt by some of their own institutions, rather than trust that their interests are being considered. So it's particularly important now for activists of all types to be internally congruent with the stance they may take on any one issue.

In your earlier book *Inclusivity: Will America Find Its Soul Again*, Christian, you laid out the case for inclusion and diversity as part of the virtuous circle of value-creation in our systems world. The richer the inputs, the richer the solutions. But also, the more dynamic and challenging to maintain equilibrium: with inclusion comes diversity of stakeholders' interpretations, priorities, needs and ultimately perceived value.

So I'm not comfortable labeling a soulbrand. For me it's a constant discipline of managing that wobbly line between your implicit promise and its perceived delivery. That's why we put an -ing at the end of it in 1997: SoulBrandingSM.

QUESTION

What should companies do to take the long-term view?

Elsie:

There's really no model for the breadth and depth of transformation we are talking about here. I wouldn't underestimate the magnitude of the pivot from 'he who has the gold rules' to 'The Golden Rule'.

But there are parallels I can think of. Many of the leaders we've worked with or observed closely radically changed the direction of their large organizations and consortia. The main thing is to formalize and resource the process. Beyond that, some insights to help readers get off on the right foot.

The rule of thumb is, You do it first. Be the change, model system consciousness.

In this case we're talking about a pivot from the old paradigm egoic self into a *felt* experience of being one of many equals in a system of systems. You'll find your humanity. You'll see the world differently. You'll find a different center of personal gravity, and eventually of equilibrium. Your heart will likely open. You may feel vulnerable. Explore this state of being. Imagine what's possible for the world when everyone relates to each other and other living systems from this felt experience. Spend a few days exploring it, notice how different your body feels. Imagine what different choices you would make in your life, in your organization from this mindset, this state of being. There's a highly developed industry of trustworthy professionals ready to help you cultivate and operationalize it.

Let the opportunity lead.

When you have some idea of the pace of emerging trends and other exogenous forces at work, you might begin to socialize the question of what's possible for your company from this big pivot. You have your own protocols to explore appetite for change of course. Typically it would start with confidantes on your team and maybe on the Board, before widening the conversation circle to an inclusive discovery group.

In any case, start the conversations with yourself already somewhat informed and intrigued by what's possible. To paraphrase Bucky Fuller: rather than tell people what not to do, give them a more attractive alternative. The wellbeing of all living systems is the prime objective of the new paradigm. That opportunity is not only inspiring but it's virtually unlimited.

So back to your question, in the long term the chance to hop on the virtuous spiral of wellbeing for the web of life -- is well, as big as the web of life. And for now, environmental crises and the gaps between wellbeing and the human condition are daunting problems but a compelling focus for meaningful work. One way to parse these problems is into the 17 Sustainable Development Goals; estimated conservatively as a \$12TR commercial opportunity. Plenty to do, and with growing financial incentives to do it. The SDG-finance sector is cohering rapidly to create a market for private investment. And even the conservative institutional investment community is nudging its portfolio companies in this direction albeit, from the risk management perspective, ES+G.

Transcend silos and egos with shared fate early on

I remember one client organization was keen to identify how it could boost the effectiveness of various sustainability initiatives spread around 10 country markets. An internal team followed the SoulBrandingSM process to map the throughline from the company's soul values to company competences, and data on the meta problems keeping populations up at night in that culturally diverse 10-country region. Using the Core Mutual Value framework (it's demonstrated in the video on our homepage) they found the intersection of that region's existential pain and their unique ability to address it commercially.

Data is a powerful consensus builder, but it can also reach the heart. We used a similar methodology with an island nation looking to focus the resources of three disconnected sectors -- its philanthropies, the corporates domiciled there and local service charities – on some pressing social issues. The collective pain of all 65,000 residents crossed class, economic, racial divides in that first quantitative survey. That inclusive reading of their nation's problems defined the three sectors' shared fate and established the platform for their fruitful collaboration.

Typically it takes 4 to 6 years to operationalize a culture change program. This transformation is bigger than that. There are entire system-skillsets yet to be discovered no less developed. Models of profitable social impact to be scaled. All in a dynamic, disruptive environment. The comfort is in this systems world, we're all in the same boat, and we could have each other's back.

QUESTION

What role do you see for women as leaders?

Elsie:

That topic is central to restoring equilibrium. But it always triggers my internal stopsign: How can I hold this question without reinforcing the old paradigm binary, dualistic mindset? I don't think I'm alone in that self-inquiry, it's part of our learning how to honor individuality in an inclusive system of equality.

First, half the world is missing from the decision room. That greatly impairs the creativity and relevance of those decisions. Chaordic, complex systems such as we are part of generate better solutions the richer the inputs.

Second, women enhance the performance of the systems they actively participate in. Whether it's nature, nurture, cultural permission, personal agency or some combination of the above, women tend to exhibit behaviors that are especially well suited to system dynamics.

A close look at Grameen Bank in 2000 closed that debate for me. And for many others years later when Mohammed Yunis' economic model of women-centered microfinance very publicly won the Nobel Prize. Why? When Grameen put money in the hands of rural women they elevated the wellbeing of their entire communities through team-entrepreneurship. That was after testing the model with men, who spent it on themselves.

And that inclination of women to nourish the greater good shows up in big organizations and countries, too. Something about how women lead correlates with the higher profits and growth they bring to corporations, the lower performance risks to companies whose Boards they sit on, and outperformance on other important metrics.

So to answer your question, the role I see for women as leaders is to do it in a way that works for them. Because if a leadership role works for them and their own wellbeing they will do it more often, with more confidence, and in more circumstances. That will benefit all of us.

I know many women who have opted out of leadership roles in toxic corporate cultures. That's a good thing; they are modeling the consciousness of their own system wellbeing. Like the airlines say, in the event of an emergency, put your own mask on first. Until society provides leadership roles that work for women, it will have limited access to the system wellbeing they naturally generate.

QUESTION

What are you personally working on that gets you excited about each morning?

Elsie:

It's good to step back and reflect on that. Thanks for the question.

Every day the sun rises and burns off a bit more of our collective trance. I'm excited each morning to chronicle society's awakening to system reality and news of its latest step toward embracing a new paradigm of system wellbeing.

I monitor this progress in the financial services and investment sector in particular. Brand activism has influenced Wall Street when it translates into profit risk, as I said earlier. I'm also encouraged by the substantive collaborations and myriad financial vehicles being developed to 'create markets' for the SDGs.

I'm excited to see the financial establishment wake up, one at a time, in their own way. To see rebels like Anand Giridharadas' walk into The Economist conference on impact investing and tell us to put it on a six month hiatus until we can figure out how to keep philanthrocapitalism from retarding the big pivot that's really needed. Truth to power.

What gets my attention are the strategic inflection points of that system change. What drives my diverse portfolio is where I can make the most difference and what lights me up. Right now,

I'm excited to wake up and coach activist entrepreneurs and local citizen groups, human beings embracing their agency, at an immediate level changing their worlds.

I'm excited by the warriors for humanity whose funds outperform the vulture capitalists. One of them, Tine Ward at Rockflower uses her unique 'Mothering' process to pick 8 out of 10 winners. The vultures on the other hand pick 8 losers out of 10.

I'm excited to support renewable energy visionaries like Bluenergy whose inventions are now breaking through into scaled operations after 30 years of their nursing the market.

I'm excited by the women who are making waves. I'm active on a couple of Boards and women's committees, at Hazel Henderson's Ethical Markets and at the fashion-industry disruptor esaNewYork, and am coaching cohorts of intergenerational women each so enlivened by their individual flavor of systemic impact. Some are VCs, founders of environmental movements, tech entrepreneurs, and a networking guru.

I'm excited to see higher education move toward systems disciplines especially in technology, and to have helped curate the business program at the first Peace Engineering Conference of global engineering deans and educators which featured Kim Polman and Bill McDonough talking about The Golden Rule and Waging Peace Through Commerce.

That's 'excited', and then there's morning joy: Watching the dolphins and occasional whale from my New York City terrace. They came back to Harbor waters in the big cleanup, when equilibrium was restored.

end interview with Elsie Maio