

# THE CONSCIOUS COMPANY



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To understand the movement, you've gotta know the lingo. Whether you're a seasoned pro or new to the field, this A to Z guide to the most important terms in conscious business will help you keep it all straight.

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## ACCELERATOR

An organization that helps startups improve their chances for success by providing mentoring, connections, and access to funding, often in a boot-camp-like, short-term format. Accelerators usually provide access to capital or funding in exchange for equity in the venture. While the most famous accelerators have typically been in the tech industry, many are focused on mission-driven organizations. *See also: Incubator*

## ACCREDITED INVESTOR

A legal designation, the parameters of which vary by country, of a person or entity authorized to invest in higher-risk vehicles, such as providing capital to startups. In the US, to be an accredited investor a person must have a net worth of at least \$1 million excluding the value of their primary residence, or demonstrate an annual income of \$200,000 (\$300,000 for joint income). *See also: Equity Crowdfunding*

## ADVOCACY

Public support for or recommendation of a particular cause or policy.

Many conscious leaders see advocating for causes as an important role businesses can and should play in society.

## AUTHENTIC LEADERSHIP

A leadership approach that emphasizes honesty and vulnerability, popularized by the 2003 book “Authentic Leadership” by Bill George. Most practitioners agree that authentic leaders are self-aware, genuine, heart-centered, and focused on results related to an ethical mission — not their own personal gain. *See also: Servant Leadership*



## B CORP(ORATION)

A designation issued to for-profit entities by the nonprofit B Lab, which certifies that the business meets rigorous standards of social and environmental performance, accountability, and transparency. Unlike benefit corporations (see right), B Corp status has no legal standing; rather, it’s a marker of having met third-party verified criteria. Inc. magazine has called B Corp certification “the highest standard for

socially responsible business.”

## Certified



## Corporation

[bcorporation.net](http://bcorporation.net)

## BELONGING

Acceptance as a member or part. Belonging is considered to be a basic human need in many psychological theories. Increasingly, fostering a sense of belonging among employees is seen as an important part of creat-

ing a high-functioning workplace culture, especially in the context of diversity and inclusion. Research shows that employees who feel a sense of belonging in an organization are more likely to perform at their best and feel ownership in the success of the company.

## BIOMIMICRY

An approach to innovation, adopted by many conscious companies, that seeks sustainable solutions to human challenges by emulating nature’s patterns and strategies. The goal is to create products, materials, structures, and systems that are well adapted to life on earth over the long term. (Source: [biomimicry.org](http://biomimicry.org))

## BENEFIT CORPORATION

A type of legal structure for businesses available in Italy and 33 US states which have passed legislation to enact it. Benefit corporation status expands the legal mandate of boards, requiring them to consider in their decisions environmental and social factors as well as the financial interests of shareholders. *See also: Community Interest Company, L3C, Social Purpose Corporation*



State by State Status of Legislation

**33** Laws passed **6** Working on it



**It's important now more than ever for businesses to stand up for the change they want to see in the world. No longer can a business stand on the sidelines and hope elected officials create change.**

- Bryan Papé, CEO and founder, MiiR



### BLENDED VALUE

A conceptual framework, first introduced by impact investor Jed Emerson, which posits that it makes no sense to think of the economic or financial value created by an organization or an investment as separate from its social and environmental value — whether the investment or organization is a nonprofit or for-profit entity. *See also: Shared value, Triple Bottom Line*

### BUSINESS

An economic system in which organizations produce goods, offer services, or sell existing goods in exchange for money — ideally creating value in the process. That value is typically measured in financial profit, though other metrics of value are increasingly being considered, including ones related to human and environmental wellbeing. The term also refers to individual organizations participating in the economic system.



### CAUSE MARKETING

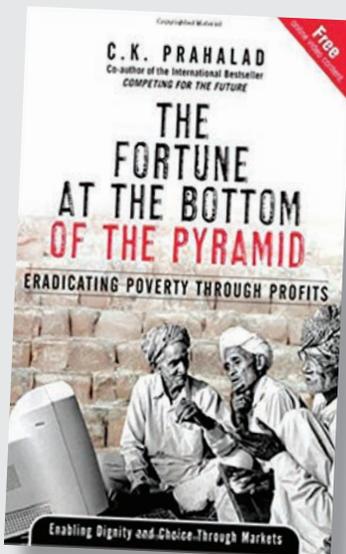
An increasingly popular marketing technique in which a brand aligns with a nonprofit or social cause to raise both money and awareness around an issue and to profit from the “halo effect” of being associated with said cause or issue. *See also: Cause Washing*

### COALITION

An alliance formed between entities or groups, especially for some temporary and specific reason. Forming coalitions with other groups that hold similar values, interests, and goals allows members to combine their resources and become more powerful. Because conscious companies often exist to solve social problems larger than themselves, they sometimes band together with other like-minded organizations to accomplish goals such as advocating for policy changes. *See also: Collective Impact*

### BOTTOM OF THE PYRAMID

The largest but poorest socio-economic group; the 2.7 billion people worldwide who live on less than \$2.50 a day. Many social entrepreneurs have targeted the vast untapped opportunity to harness market forces for good in creating products and services to reach this underserved market. The term was first popularized by management scholar C.K. Prahalad in his 2004 book “The Fortune at the Bottom of the Pyramid.”



### CAUSE WASHING

Inauthentic cause marketing, which occurs when a company’s demonstrated practices don’t match the values it’s purporting to uphold or support by aligning itself with a nonprofit or social cause. Conscious companies, by contrast, integrate solving social problems not just into their marketing plans but also into their full business strategies and operations.

### COLLECTIVE IMPACT

“Collective impact occurs when organizations from different sectors agree to solve a specific social problem using a common agenda, aligning their efforts, and using common measures of success,” according to fsg.org. Also the name of a specific, structured approach to such a collaboration.

## COMMUNITY INTEREST COMPANY

This legal designation established by the United Kingdom in 2005 creates a type of business entity somewhere between a nonprofit and for-profit. It allows for returns to investors, but these must be “balanced and reasonable” and the business must exist to provide a community benefit. *See also: Benefit Corporation*

## CONSCIOUS

Fully aware of, responding to, and sensitive to one’s surroundings and oneself; acting deliberately and intentionally thanks to that awareness.

## CONSCIOUS COMPANY

Any business that subscribes to a holistic view of sustainability extending to the self, the workplace, and the company’s effect on the world.

## CONSCIOUS CONSUMERISM

The increasingly common and influential practice of consumers using their buying power to influence the world by purchasing responsibly produced products and services.

## CONSCIOUS LEADERSHIP

The practice of guiding a group from a heightened state of internal and external awareness.

Conscious leaders observe and master their own thoughts, feelings, beliefs, assumptions, and tendencies while simultaneously noticing the effects and results of their choices and actions.

## COOPERATIVE

A form of ownership in which a business (or other organization) is owned by and run for the benefit of all of its members. It’s generally characterized by a democratic governing structure in which each user-owner receives one equal vote. *See also: Employee Stock Ownership Plan*

## CORE VALUES

A person or organization’s fundamental and most important moral beliefs,

which serve to guide all decisions, actions, and goals. Articulating and operationalizing a company’s core values is an important component of practicing conscious business.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

A business’s efforts to measure and control its effects on the greater environment and society in which it operates. The term generally refers to work that goes beyond what is legally required, and traces its origins as a modern concept to roughly the 1950s. The main categories of CSR practices include environmental sustainability efforts, philanthropy, ethical labor practices, and volunteering. CSR practices risk being seen as inauthentic, tacked on, or an afterthought if the core operations of the business contradict or undermine their ostensible message or mission.

## CO-WORKING

The use of a shared office or other working environment by people who are self-employed or working for different employers, typically to share equipment, ideas, and knowledge. *See also: Accelerator, Incubator*

## CONSCIOUS CAPITALISM™

The trademarked name of a particular philosophy of purpose-led business popularized by Whole Foods Market co-founder and co-CEO John Mackey and professor Raj Sisodia through their 2013 book “Conscious Capitalism: Liberating the Heroic Spirit of Business.” Mackey and Sisodia are also the co-founders of the nonprofit organization Conscious Capitalism Inc., which has local chapters in 26 US cities and 12 other countries. The Conscious Capitalism framework focuses on four interrelated disciplines — purpose, culture, stakeholders, and leadership — and posits that creating a truly conscious company requires a strong commitment to each discipline. Conscious Capitalism’s principles are exemplified by a growing number of companies including Starbucks, Unilever, the Container Store, and Zappos.



## CRADLE TO CRADLE

“A phrase invented by Walter R. Stahel in the 1970s and popularized by William McDonough and Michael Braungart in their 2002 book of the same name. This framework seeks to create production techniques that are not just efficient but are essentially waste-free. In cradle-to-cradle production, all material inputs and outputs are seen either as technical or biological nutrients. Technical nutrients can be recycled or reused with no loss of quality and biological nutrients composted or consumed,” according to sustainabilitydictionary.com. *See also: Biomimicry, Regenerative Economy*



The packaging on this chocolate is Cradle to Cradle Certified™.

and ethical impact. Growing evidence suggests that companies with strong ESG indicators may perform better in the long term and have superior business models. *See also: Socially Responsible Investing*

## EMPLOYEE ENGAGEMENT

An employee’s involvement and satisfaction with and commitment to work — or, put another way, the emotional connection a worker has with their job. Highly engaged employees tend to outperform their peers, and companies that succeed in nurturing high levels of engagement throughout their workforce enjoy numerous benefits, including higher profitability, better productivity, and improved customer metrics. Conscious companies tend to benefit from high employee engagement.

## EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

A program that provides employees with shares of the company they work for, usually through a third-party trust, and often at no upfront cost to the employee. Unlike in a cooperative, the employees don’t directly own shares and typically don’t gain voting rights in the company. Employees typically receive the cash value of the shares in their account when they leave the company. *See also: Cooperative*

## CRADLE TO GRAVE

The practice of taking responsibility for disposing of the goods one produces once consumers are done with them.



## DELIBERATELY DEVELOPMENTAL ORGANIZATION (DDO)

A term coined by Harvard University researchers Robert Kegan and Lisa Laskow Lahey to describe companies that do every-

thing within their power to create conditions that enable workers to overcome their own internal barriers to change, take stock of and transcend their own blind spots, and see errors and weaknesses as prime opportunities for growth. According to the pair’s research, deliberately developmental organizations reap more profits, have more satisfied and functional teams, and are more innovative than companies that don’t take this approach.

## DIVERSITY

In business, this term usually refers to a heterogeneous mix of attributes within a workforce, including but not limited to gender, race, age, background, and education. Extensive research has

documented that increased diversity drives innovation, creativity, and adaptability within a company. *See also: Belonging, Inclusion*



## ESG (ENVIRONMENTAL, SOCIAL, AND GOVERNANCE)

Environmental sustainability practices, social responsibility commitments, and governance policies are three factors socially conscious investors use to evaluate and screen investments for sustainability

## **EQUITY CROWDFUNDING**

A process of raising money to fund a venture through multiple small contributions from a large number of people, with the backers each receiving a share of ownership in the company. This type of crowdfunding became legal in the US for non-accredited investors in 2016.

## **EVERGREEN BUSINESS**

This term, coined by the Tugboat Institute, describes a purpose-driven company that plans to remain privately owned, focuses on long-term outcomes, and avoids raising capital that puts money before mission. *See also: Small Giant*

## **EXTERNALITY**

A side effect or consequence of business activity that isn't reflected in the monetary cost of providing related goods or services. For example, nitrogen runoff into local waterways is a negative externality of some livestock farming.

## **EXTRACTIVE**

Tending to withdraw resources with no provision for replenishing them. Examples include removing groundwater for agricultural or manufacturing use at a faster rate than that at which the aquifer recharges, or not allowing for adequate rest when scheduling employee work hours. The term can

apply to business models or even whole economies, and is a major element of what conscious companies seek to avoid.



## **FAIR TRADE**

Any one of a number of certifications that verify that suppliers, especially in developing countries, receive above-market rates for their goods (usually commodities) and that those goods were produced according to particular environmental and social standards. Two examples of certifying bodies are Fair Trade USA and Fair Trade International.



## **FOR-BENEFIT**

A term used to describe organizations that generate earned income and/or profits but primarily exist to fulfill an explicit social mission. *See also: Fourth Sector, Hybrid Organization*

## **FOURTH SECTOR**

A category of enterprise at the intersection of the public, private, and social

sectors that uses earned income to maximize social benefit. *See also: For-Benefit, Hybrid Organization*



## **GLOBAL REPORTING INITIATIVE (GRI)**

An independent international organization that provides standards for sustainability reporting, encompassing both environmental and social impacts. As of 2017, almost 11,000 organizations used these standards for their reports.

## **GREEN BUSINESS**

An informal term describing a company that prioritizes environmental sustainability in its practices and policies. *See also: Sustainable Business*



## **HOLACRACY™**

A peer-to-peer system of organizational governance created by former programmer Brian Robertson that distributes authority and

decision-making through a network of self-organizing "circles." Features of the system, which is trademarked by HolacracyOne LLC, include focusing on roles as opposed to job descriptions, distributed authority, and transparent rules. The approach gained traction in 2013 when it was adopted by Zappos under CEO Tony Hsieh.

## **HYBRID ORGANIZATION**

A business that operates under a combination of nonprofit and for-profit principles, and often legal structures, in order to maximize the advantages of both models — for example, a nonprofit's ability to accept tax-exempt donations and a for-profit's ability to accept investment in exchange for equity. The nonprofit and for-profit arms can relate to each other in a variety of ways; for example, a nonprofit can own equity in a related for-profit subsidiary.



## **IMPACT INVESTING**

Placing capital into companies, organizations, or funds with the intention to harness the power of

enterprise to generate positive social and environmental results alongside a financial return. The Global Impact Investing Network estimated that the 2016 impact investing market included \$114 billion of assets under management.

### **INCLUSION**

In the context of workplace culture, inclusion means harnessing the power of diversity by creating a welcoming environment of connection, support, and respect where people of different backgrounds are able to contribute at their fullest. *See also: Belonging, Diversity*

### **INCUBATOR**

A program, often run by a nonprofit, designed to help foster success in startup businesses by providing entrepreneurs with resources, connections, and services. Many focus on mission-driven business. In contrast to an accelerator, incubators often do not have strict timeframes and usually don't take an equity stake in a company. *See also: Accelerator*

### **INTEGRATED REPORTING**

A method of communicating the value a business creates that includes both traditional financial measures and information about non-financial resources such as human and social capital and environmental benefits.

### **INTRAPRENEUR**

An individual who behaves like an entrepreneur by taking initiative to innovate, but from within an existing organization. While the subject of the innovation can vary, the term is often used to describe changemakers who seek to drive a business toward more conscious practices.



### **L3C (LOW-PROFIT LIMITED LIABILITY COMPANY)**

A legal designation available in eight US states and 2 Native American tribes. Unlike a standard LLC, an L3C has an explicit charitable mission, yet, unlike a nonprofit, it can distribute profits to its members or owners. *See also: Benefit Corporation, Community Interest Company, Social Purpose Company*

### **LIVING WAGE**

A wage high enough to maintain a normal standard of living in the residential area in which it is earned. Paying a living wage to all employees is a common commitment of conscious companies.



### **MISSION STATEMENT**

A statement that sets out a business's purpose and what it means to achieve it both now and in the future. The term is sometimes used interchangeably with "purpose," especially in the context of describing a business that prioritizes achieving self-transcendent goals. *See also: Mission-Driven Business, Purpose Statement*

### **MISSION-DRIVEN BUSINESS**

A for-profit enterprise that incorporates a social purpose into its strategy and operations.



### **NATURAL CAPITAL**

The world's stocks of planetary assets — such as water, sun, soil, and air — from which humans derive the conditions and processes necessary to make life and business possible.

### **NEW ECONOMY**

A term used within the conscious and sustainable business movements to describe a future economic system that works for all people, including those who have historically been left out of economic prosperity, and which supports regeneration of human and natural systems.

### **NONPROFIT**

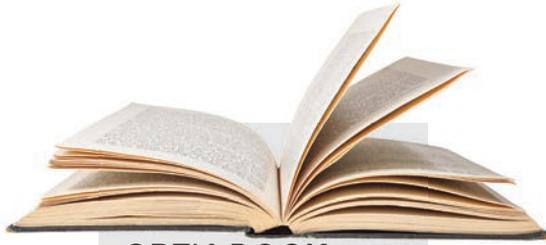
Also known as "not-for-profit," these organizations conduct business for the benefit of the general public, and legally must reinvest any profits beyond normal operating expenses into the cause or mission they serve. The legal structure does not allow for private owners or shareholders. Nonprofits are usually exempt from income taxes and able to accept tax-exempt donations.





### **OPEN HIRING™**

A human resources and community development technique pioneered by New York-based Greyston Bakery in which certain job openings in the business are offered to the next person on a waiting list with no background checks or interview process. The practice demonstrates that with proper support, many people who would not be hired via a traditional process can be excellent employees.



### **OPEN-BOOK MANAGEMENT**

A management philosophy in which a company shares all its financial information with all employees in order to empower and enable them to make better business decisions. This level of trust and transparency can also enhance belonging and engagement.

### **ORGANIC**

An agricultural certification that attests that foods are grown and processed according to strict guidelines that prohibit the use of synthetic fertilizers and pesticides, antibiotics, hormones, genetically modified organisms, and more.



### **PATIENT CAPITAL**

A financial investment with no expectation of a short-term profit. Investments that are aligned with an organization's social or environmental mission are often patient with regards to financial returns.

### **PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)**

A set of six voluntary, aspirational investment principles drafted in 2005 by investors in partnership with the United Nations, including, for example, "we will seek appropriate disclosure on ESG [environmental, social, and governance] issues by the entities in which we invest." The principles now have about 1,750 signatories representing \$70 trillion committed to incorporating ESG issues into investment practice.



New York's Greyston Bakery practices Open Hiring™.



**Resilient people and companies face reality with staunchness, make meaning of hardship instead of crying out in despair, and improvise solutions from thin air. Others do not.**

— Diane Coutu, "How Resilience Works"



## **PURPOSE STATEMENT**

A statement made by a person or organization about why they exist, and about the difference they seek to make in the world. Research suggests that both individuals and businesses with a strong, self-transcending purpose are more likely to thrive. *See also: Mission Statement, Vision Statement*



## **RESILIENCE**

The capacity to recover quickly from difficulties. Conscious companies tend to favor mindsets and practices that enhance resilience at the individual, organizational, and societal levels.

## **RIGHT LIVELIHOOD**

An ancient idea, particularly explicit in Buddhism as part of the Eightfold Path to enlightenment, that each person should choose an occupation that leaves the world better than they found it. While the term itself is just starting to find its way out of religious contexts, there is strong evidence that the Millennial generation in particular tends to value the ideals of right livelihood and seeks meaning and purpose through work.



## **SERVANT LEADERSHIP**

A philosophy for guiding a group that involves flipping the typical hierarchy of “power at the top” and instead focuses primarily on the growth and wellbeing of those being led. Servant leaders put the needs of others first and help people develop as much and perform as highly as possible. The term was first coined by Robert K. Greenleaf in a 1970 essay called “The Servant Leader.” *See also: Authentic Leadership*

## **SHARED LEADERSHIP**

Any of a number of management philosophies and practices that broadly distribute responsibility across an empowered team. *See also: Holacracy*

## **SHARED VALUE**

A term coined by Mark Kramer and Harvard economist Michael Porter to describe the idea of maximizing the business opportunity of solving social problems. *See also: Blended Value*



## **SHAREHOLDER ADVOCACY**

According to US law, anyone who owns shares of a company has the right to influence its policies. At the annual general meeting of a company, every shareholder is asked to vote on a range of issues including electing the board, approving CEO pay, governance and policy questions, and an array of environmental and social issues that shareholders have raised. Shareholder advocacy is the practice of using that right to influence a corporation’s behavior by filing resolutions or otherwise requesting dialogue. In recent years, shareholder advocacy has proved to be an effective technique for improving the environmental, social, and governance policies of major corporations.

## **SHORT-TERMISM**

Short-termism refers to an excessive focus on short-term results at the expense of long-term interests. Many conscious leaders are critical of excessive short-term focus by corporate leaders, investors, and analysts

because of the belief that this orientation can discourage long-term value creation and investment.

## **SMALL GIANTS**

A term coined by author Bo Burlingham in his 2006 book by the same name. He defines small giants as “companies that choose to be great instead of big” by prioritizing mission and the act of taking care of multiple stakeholders over growth for growth’s sake. *See also: Evergreen Business*

## **SOCIAL CAPITAL**

An economically valuable network of relationships between individuals and entities. Social capital has often been ignored, harmed, or undervalued by traditional business practices, and the lack of it can be as much of a barrier to economic prosperity in disadvantaged populations as the lack of financial capital.

## **SOCIAL ENTREPRENEUR**

A person tackling a broad social or environmental goal — often in an area such as poverty alleviation, health care, sustainable farming, or protecting public lands — by creating or operating a startup or new organization. While the organization could be a nonprofit, it’s becoming more common for social entrepreneurs to aim for impact by filling a market demand that simultaneously generates a positive return to society. In many cases, the altruistic mission of the

enterprise takes priority over strong financial gain or valuation, with revenue as a fuel to sustain the service being offered. Some argue that the greater agility to pivot and reallocate resources under the structure of a for-profit business allows for more freedom and responsiveness compared to nonprofit, grant-based models.

### **SOCIAL INNOVATION**

“A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals,” according to Stanford professors James A. Phillips Jr., Kriss Deiglmeier, and Dale T. Miller.

### **SOCIAL PURPOSE CORPORATION**

A legal category of for-profit entity in California, Florida, Texas, and Washington that enables — but does not require — corporations to consider social or environmental issues in decision-making instead of relying only on profit-maximizing goals. *See also: Benefit Corporation, Community Interest Company, L3C*

### **SOCIALLY RESPONSIBLE INVESTMENT (SRI)**

Similar to impact investing, SRI involves placing capital either in individual companies or through funds with an eye toward the nature of the business that the recipients conduct. SRI tends to imply having a practice of screening out investments that have negative effects, whereas impact investing implies intentionally fostering particular positive effects.

### **STAKEHOLDER**

A person, group, or organization that has a direct or indirect stake in an organization because it can affect or be affected by the organization’s actions, objectives, and policies. A key practice of conscious companies is considering and weighing the interests of all stakeholders — including customers, investors/shareholders, employees, suppliers, society, and the environment — and seeking win-for-all solutions when making decisions. The stakeholder theory of organizational management was first popularized by R. Edward Freeman with his 1984 book “Strategic Management: A Stakeholder Approach.”

### **SUSTAINABLE BUSINESS**

A company that seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future. While popular perceptions of “sustainability” tend to focus on environmental concerns, a broader definition of “sustainable business” also includes customer, employee, and community wellbeing along with economic solvency for the company in question. *See also: Conscious Company, Green Business, Triple Bottom Line*

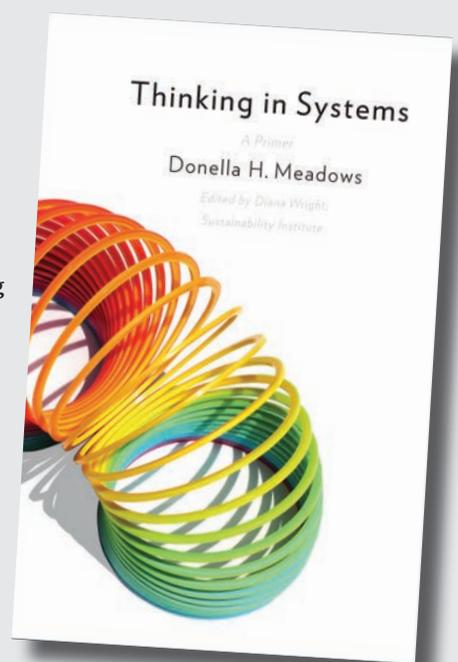


### **TRIPLE BOTTOM LINE (3BL)**

A business approach in which companies track, report, and value not just the traditional financial “bottom line,” but social and environmental impact as well. This point of view acknowledges that a company’s long-term success depends not merely on its profit, but also on its interaction with employees and surrounding communities and the natural world. The concept is also sometimes called “3P”: people, planet, and profit.

### **SYSTEMS THINKING**

A management discipline and way of thinking that focuses on seeing the web of interconnections that create emerging patterns among parts of a network, organization, or other structure. It’s a perspective concerned with how parts of a whole interact with each other in complex, often surprising ways. The tools of systems thinking include causal loop diagrams, stock and flow diagrams, and simulation models that can help map and explore dynamic complexity. Thinking in systems is one of the skills of conscious leadership and thinking about organizations within systems is an important perspective for conscious business.



## U.N. SUSTAINABLE DEVELOPMENT GOALS (SDGs)

These 17 global goals, established by all 193 members of the United Nations in 2015, lay out a path to creating the world we want for the wellbeing of all by 2030, including ending extreme poverty, fighting inequality and injustice, and protecting the planet. The SDGs' non-binding targets provide a framework for all kinds of organizations, including businesses, to think about and begin addressing the most important challenges the world faces.



### UPCYCLING

Reusing discarded materials or waste objects to create a valuable product.



### VISION STATEMENT

A written declaration explaining an organization's desired future. *See also: Mission statement*



### WORKPLACE CULTURE

The norms, behaviors, and routines that add up to "how we do things around here" within a workplace. Management expert Peter Drucker famously once said, "Culture eats strategy for breakfast." Research from Great Place to Work indicates that trust is the most important element in creating a high-performing workplace culture. Culture is also one of the disciplines of Conscious Capitalism, and generally an important element of creating a conscious and sustainable business. ●

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