

Conscious innovation in the age of millennials

[Technology](#), [Innovation](#)



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Making money is no longer a simple bottom-line equation of arbitrage, in which entrepreneurs sell goods at a markup and keep costs at a minimum. Having a good product at a fair price, and with great customer service, is no longer enough to succeed -- it's merely the cost of entry. And in today's hyper-competitive environment, entrepreneurs must be innovative.

Increasingly, innovation doesn't just mean building a better mousetrap. It means operating with a new sense of awareness of factors that go beyond profit and loss. "Conscious innovation" is what Daniel Dworkin, partner at , describes as his take on what Raj Sesodia and John Mackey from Whole Foods described as "conscious capitalism," a method of doing business that looks at the benefits that can accrue to all stakeholders. (In addition to the traditional stakeholders of business owners and stockholders, this also includes employees, partners and the communities in which you operate.)

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"Innovation is a hard challenge," said Dworkin. "If you take a step forward, you take three back, and you get the doors closed in your face from every angle. You have to fight to get in front of customers to break through the

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noise, to get resources from your sponsors, and you have to have a deep sense of passion for what your organization is doing, and for the strength of your idea to really succeed. Innovators that work for conscious companies innately have that deep sense of engagement and resiliency to get up, despite setbacks, and keep going down the road to whatever innovation outcome you're trying to achieve."

You don't have to take a financial hit to do good.

The idea of paying above market rate for goods (as in the case of fair trade goods), paying attention to underserved populations or moving away from command-and-control leaderships by no means Marxism, and the profit motive remains firmly in its rightful position. In fact, in a study by Professor Raj Sisodia, co-author of "Conscious Capitalism," conscious companies analyzed from 1996 to 2011 outperformed the S&P 500 index .

What has complicated the drive for growth and profits is that consumer awareness of what you do and how you do it is at an all-time high. Operating as a conscious company is no longer the stuff of idealistic college students who haven't yet learned about the harsh realities of commerce and cut-throat competition. Operating as a conscious company today is a meaningful tactic for revenue growth and customer retention and often the foundation of the next wave of innovation.

"Conscious companies aren't just feel-good, do-good organizations," said Dworkin. "It is directly tied to business performance." While Wall Street traditionally measures value in terms of return to stockholders, a conscious company measures value in terms of a broader ecosystem. This ecosystem

includes owners and shareholders, but also includes value created for the employees and team members, to the consumer and to the community in which the company operates.

Employees want more than just a paycheck.

What we expect out of a job has also morphed over the years. In the post-war boom era of the fifties and sixties, the Greatest Generation wanted a steady paycheck and benefits, and they got it. Millennials have a different set of goals, and they have redefined what they think a job should be -- and more companies, finding it difficult to find new hires, are re-evaluating how they do business. “Talent, retention and recruitment is huge,” said Dworkin. “Increasingly, millennials and the generations that follow are looking for companies that they can really connect with on more than just a transactional basis.”

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In the effort to see employees as valued stakeholders, conscious companies are doing more to create a new type of work environment where people feel optimally engaged. The way that leaders lead in a conscious company represents a big departure from traditional command-and-control leadership. “It’s the way they inspire and enable people,” said Dworkin. “Their whole frame of reference is to create the conditions for their team to thrive, versus simply telling people what to do and making sure they get it done. You’ll find that companies are actively developing and promoting leaders who operate in this sort of servant-leadership orientation.”

Entrepreneur Iskra Tsenkova, founder of the , a boutique subscription shave club for women, was inspired by Nobel Peace Prize winner Malala Yousafzai, who dedicates her life to helping girls in underprivileged countries obtain an education. “ My education meant a lot to me while I was growing up in Bulgaria,” said Tsenkova. “ The was a natural choice for me and my business. I’ve been blessed to experience the power of equal education for women, and I believe that every girl and woman should have the right to access that power.”

Tsenkova notes the many advantages of running a conscious company. “ Every single member of my team feels like they are a part of something bigger and more meaningful. The reward of knowing that the message your company is sending and the cause that it is standing behind is transforming little girls’ lives across the world is simply priceless.”

What does a conscious company look like?

It can be anything from the stereotypical dotcoms who spoil their employees with nap rooms, free gourmet cafeterias and private buses; to fair trade companies that support third world farmers; or investment funds that put money into socially-aware companies.

In the fashion industry for example, new designers need to be innovators in an environment where everybody is an innovator. Styles change so fast, by the time the latest designs hit the local discount chain stores, they are already out of date. delivers on fashion innovation, while remaining true to their socially conscious roots. A pioneer of the “ slow fashion” movement, Runway2Street connects stylish women with emerging and independent

brands, which use sustainable luxury practices that are socially, environmentally and ethically responsible.

, launched intentionally from the beginning as a conscious company, uses variable pricing as part of their social mission, with grab-and-go meals priced according to the neighborhoods they serve -- less than \$4 in low-income areas, and \$8 in higher-income areas. The first location opened in late July in South Los Angeles. Founded by Sam Polk, an ex-Wall Street hedge fund trader, Everytable's mission is to create communities and democratize healthyfood.

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“ Businesses are recognizing that empathy is just as important as drive and determination in the way they pursue growth,” said Dworkin. “ People in organizational development roles, organizational psychologists, and strategic HR people have been waving these flags for years, saying that if you want people to perform, you have to give them autonomy, some opportunity to show meaningful improvement. You have to give them feedback, and you have to have opportunities to pursue purpose-driven work.”

Employees want -- and are receiving -- a greater sense of buy-in and ownership. They want to be part of a profitable enterprise, but more importantly, they want to be part of an enterprise that is doing something positive in the world. As we recognize this new set of business imperatives, we are changing the definition of what it is to be successful.