

Corporate Leadership Center®



SHAPING THE FUTURE: THE ROLE OF BUSINESS

**CORPORATE LEADERSHIP CENTER'S
ANNIVERSARY EVENT CELEBRATING
CEO PERSPECTIVES & LEADING WOMEN EXECUTIVES**

NOVEMBER 13, 2019 | CHICAGO



ABOUT THE EVENT

On November 13th, 2019, Corporate Leadership Center celebrated the 15th anniversary of its CEO Perspectives program and 10th anniversary of its Leading Women Executives program. The event was co-hosted by Walgreens Boots Alliance at Chicago's Mid-America Club. Members of the CEO Perspectives and Leading Women Executives communities came together to honor the achievements of both organizations, which have now served almost 1000 participants collectively. Attendees celebrated the occasion and heard a dynamic panel of senior business leaders speak on the role of corporations in society's future.

To start the event, Deb DeHaas (Advisor and Board Member, Corporate Leadership Center; Vice Chairman, National Managing Partner of the Center for Board Effectiveness, Deloitte) made welcome remarks and introduced Sheila Penrose and Cheryl Francis (Co-Chairmen, Corporate Leadership Center and Co-Founders of CEO Perspectives and Leading Women Executives), who addressed the audience and introduced Richard Ashworth (President of Operations, Walgreens Boots Alliance, CEO Perspectives Fellow, 2012), who spoke on behalf of Walgreens Boots Alliance. Ken Porrello (Executive Director, CEO Perspectives), then introduced panel participants: moderator Daniel Diermeier (Academic Advisor, CEO Perspectives; Provost, University of Chicago) and panelists Doug Baker (Chairman & CEO, Ecolab), Ray Cameron (Managing Director, Head of Investment Stewardship – Americas, BlackRock), Peter Grauer (Chairman, Bloomberg), and Michele Hooper (President & CEO, The Directors' Council). They offered insights on the growing role of business in society's future, including the primacy of a purpose-driven, multi-stakeholder approach.

Finally, Cheryl Francis and Sheila Penrose offered closing remarks.

We are grateful to all presenters and participants for sharing their insights and interest.



CEO
Perspectives®
Corporate Leadership Center



Leading Women
Executives®
Corporate Leadership Center



Far Left: Cheryl Francis and Sheila Penrose; Top Right: Deb DeHaas; Middle Right: Richard Ashworth; Bottom Right: Ken Porello

KEY INSIGHTS SUMMARY

WITH GREAT POWER COMES GREAT RESPONSIBILITY

Business has an increasing responsibility to serve stakeholders beyond shareholders. Business growth creates employment opportunity, but it's about taking a broad approach to doing good.

A "WORKFORCE OF VOLUNTEERS"

Millennials and others who seek purpose-driven employers represent a growing segment of the workforce. To win the war for talent, business leaders need to engage actively with social issues and build these into their firm's stated purpose. However, many still struggle with this imperative.

THE ABC's OF ESG

Firms' impact on environmental, social, and governance (ESG) dimensions is under unprecedented scrutiny by investors, employees, and other stakeholders. Look for opportunities and gaps in your ESG profile, have conversations about how to address these, and share decisions with the public.

THE VALUE OF DOING GOOD

It's not about doing good just for doing good's sake. Engaging in purpose-driven initiatives can benefit your business and broader society alike — so think broadly about how to invest funds thoughtfully in initiatives that make a real difference for target populations and the environment.

TAKE A STAND

CEOs and other leaders are asked to take positions on controversial issues of every stripe. Aim for an approach respecting both your business's and other stakeholders' values, recognizing the opportunity to "walk the talk" and the growing cost of staying silent.

**TO CARRY OUT RESPONSIBILITY TO
SOCIETY AND CONTINUE TO ATTRACT THE BEST
HIRES, CORPORATIONS ENGAGE ACTIVELY WITH SOCIAL
ISSUES AND BUILD THESE INTO THEIR STATED PURPOSE.**



THE ROLE OF BUSINESS IN SOCIETY'S FUTURE

In business, issues related to the sociopolitical environment — and the environment itself — have gained unprecedented prominence, becoming truly front and center for the C-suite, other executives, and boards of directors.

From the growing ESG movement to the impacts of the August 2019 Business Roundtable statement (redefining the purpose of a corporation as promoting an economy that will “serve all Americans”) and BlackRock CEO Larry Fink’s annual letters to CEOs (emphasizing social/environmental impact as part of long-term strategy), business leaders have had to re-embrace profoundly the idea of serving multiple stakeholders.

The panelists discussed how they think about this fast-changing environment for business, with focus on key trends to monitor and advice for established and rising leaders alike. Their insights included:

WITH GREAT POWER COMES GREAT RESPONSIBILITY. Business is part of the world and needs to do its part: the US government spent about \$4 trillion in 2018, while businesses spent about four times that figure, highlighting the need for broad responsibility. Corporations can have positive impact by doing right by people and the environment. Ecolab, for example, pursues the purpose of making the world cleaner, safer, and healthier, with products related to water and food safety, among others. Business growth is important too, as this creates employment opportunities. But the private sector continues to struggle with creating value for all parts of society, rather than just for a subset.

IT'S A CYCLICAL THING. The concept of responsible business isn't new. Businesses have often led on community issues and initiatives, including the period when Chicago housed more corporate headquarters than it does today. In the 1970s, the business sector moved to greater emphasis on shareholder privacy and primacy, with accumulation of corporate wealth in increasingly smaller entities. Now we're closing that loop, cycling back to a better balance between corporation and community, with business leaders more actively engaged in helping communities and the individuals within them.

**CORPORATIONS
CAN HAVE
POSITIVE
IMPACT BY
DOING RIGHT
BY PEOPLE
AND THE
ENVIRONMENT.**



A “WORKFORCE OF VOLUNTEERS.” Businesses engage daily in an escalating war for talent, with the workforce increasingly comprising Millennials and others who seek employers with a real sense of purpose. Some call this a “workforce of volunteers,” and those within it seek firms that explicitly embrace multi-stakeholder environments and missions. People want to do work that makes them feel proud and fulfilled. To carry out responsibility to society and continue to attract the best hires, corporations engage actively with social issues and build these into their stated purpose.

LISTEN UP — AND LEARN. A lot of it is about listening. Not all stakeholders and shareholders think alike; there are no single, monolithic views in any category. The goal for business leaders, then, is to listen to and understand as many perspectives as possible. Then take what you’ve learned from those conversations and understand what’s reasonable for your corporation to integrate into its long-term goals, and what has to be parked for now. The bottom line: individuals and groups, whether shareholders or outside activists, want to be heard and feel they’ve been listened to and taken seriously in the context of your decision-making — even if you don’t ultimately do what they ask. So listen well, and don’t create a “black curtain” stakeholders can’t see beyond.

THE ABC’S OF ESG. Investment firms like BlackRock have been assessing companies’ ESG — environmental, social, and governance — impact and risk for years. Bloomberg maintains ESG data on over 11,000 companies in its system, with demand for such data skyrocketing among investors and others. Over 400 firms disclose private gender information through Bloomberg. Use of the SASB framework for assessing financial impacts of sustainability measures is growing. So ESG factors are increasing influences on executive/boardroom discussions and proxy votes. Over \$20 trillion is expected to be transferred to Millennials, a highly purpose-driven cohort, by 2030 — a major shift in the demographics of purchasing power. So again, corporate leaders need to have conversations about impacts beyond shareholder value, plan for mitigation of risks in ESG areas, and share their companies’ thinking and decisions with the public, for the good of the business and broader society.

WHAT’S YOUR HIGHER PURPOSE? Purpose can’t be overstated. “What’s the higher purpose of doing good?” a Bloomberg senior leader asked early in the new millennium. That financial-services firm has long sought to do good: bringing transparency to the world of the opaque, democratizing the flow of information, and freeing up large capital for investment in the public and private sectors. But the higher purpose has been funding Bloomberg Philanthropies: a large portion of the wealth the business creates goes toward this foundation, with over \$8 billion donated to worthy causes so far. Co-Founder and CEO Mike Bloomberg wants to “bounce his check to the undertaker,” opting instead to give the vast majority of his wealth toward this higher purpose.

THE GOAL FOR BUSINESS LEADERS, THEN, IS TO LISTEN TO AND UNDERSTAND AS MANY PERSPECTIVES AS POSSIBLE.





THE VALUE OF DOING GOOD. It's not about doing good just for the sake of doing good. Engaging in purpose-driven initiatives with populations in need, for example, can benefit all stakeholders. United Health worked with a New Jersey-based doctor who serves a large, chronically ill Medicaid population to create housing for homeless and other low-income individuals, helping to lower their risk. The results were dramatic: ER visits — some individuals had hundreds of visits annually — dropped to fewer than five per year on average, medication costs plunged, and quality of life rose. So, think expansively about what business you are really in, whom you want to help, and how to invest funds thoughtfully to improve things long term for as broad a population as possible.

WHERE ARE THE GAPS? Take a close look at your business across five priority areas: governance, compensation, capital allocation, human capital management, and environmental risks and opportunities. Where are the gaps? How can these be mitigated? How can you attract the best talent to address them? Where might you need greater board input or oversight? BlackRock looks at companies through this lens and a set of questions, to inform their proxy votes. They are especially interested in companies' roles with and effects on employees, communities, and the environment — you should be, too.

TAKE A STAND. CEOs and other leaders are increasingly asked to take positions on controversial issues — from the Black Lives Matter movement, to gun control, to Chick-fil-A's definition of family. This new terrain requires a thoughtful approach respecting both business and stakeholder values. After the violent 2017 Unite the Right rally in Charlottesville, Virginia, Ecolab CEO Doug Baker wrote a note to the entire company reaffirming their position against Nazism and white supremacy; he recently took positions on gun control and immigration. Many others choose to stay silent on such matters. You have a large opportunity to “walk the talk” on such issues — not doing so can be risky on multiple levels, especially with social media's influence. Communities give your business license, and they can take it away. Find your voice and use it to stake out positions that matter to you and your company.

**ENGAGING IN
PURPOSE-DRIVEN
INITIATIVES WITH
POPULATIONS IN
NEED, FOR EXAMPLE,
CAN BENEFIT ALL
STAKEHOLDERS.**



ADDITIONAL READINGS

“Decoding BlackRock Chairman Larry Fink's Letter to CEOs on the Importance of Purpose,”
Dan Pontefract, *Forbes*,
January 26, 2019.

“Is the Business Roundtable Statement Just Empty Rhetoric?”
Andrew Winston, *Harvard Business Review*, August 30, 2019.

THANK YOU

OUR EVENT CO-HOST:



Walgreens Boots Alliance

OUR SPEAKER PANEL:

Moderator



Daniel Diermeier
Academic Advisor,
CEO Perspectives;
Provost,
University of Chicago

Panelist



Peter Grauer
Chairman,
Bloomberg

Panelist



Michele Hooper
President & CEO,
The Directors' Council

Panelist



Doug Baker
Chairman & CEO,
Ecolab

Panelist



Ray Cameron
Managing Director,
Head of Investment
Stewardship -
Americas, BlackRock

OUR EVENT CO-CHAIRS:

**Sam Allen, Chairman & CEO,
Deere & Company**

**Kunal Kapoor, CEO,
Morningstar**

**Tom Corrick, CEO,
Boise Cascade**

**John Rogers, Jr., Chairman, Co-CEO & CIO,
Ariel Investments**

**Mary Dillon, CEO,
Ulta Beauty**

Corporate Leadership Center®



www.corporateleadership.org



www.ceoperspectives.net



www.leadingwomenexecutives.net

10 S. Riverside Plaza, Suite 875 | Chicago, Illinois 60606