

**Thriving in a Transparent World:  
A Model for Future-Proof Business**

Bea Asavajaru (Shiseido), Diane Cortet (LVMH), Zuheidi Elangbawy (L'Oréal USA),  
Michelle Huang (Unilever), Kelsey Kreamer (L'Oréal USA), Jian McMillon (NARS  
Cosmetics), Jennifer Nuttall (Revlon), Fred Orsita (L'Oréal USA), Manal Sarris (IFF),  
Shelagh Wong (Estée Lauder Companies)

Cosmetics and Fragrance Marketing and Management Master's Degree Program  
School of Graduate Studies  
Fashion Institute of Technology  
State University of New York

This 2018 Capstone research paper is the work of graduate students, and any reproduction or use of this material requires written permission from the FIT CFMM Master's Degree Program

### **Abstract**

The evolution of technology and data on-demand has fundamentally changed how individuals access information. The exploding popularity of connected devices, social media networks, and content aggregators is not only changing how individuals access information, but also the amount of information that can be accessed. This free-flowing intelligence and constant communication have ushered in a new era of transparency.

This democratization of information has tipped the balance of control into the hands of the masses. Accompanying the widespread access to information is an increased level of expectation and scrutiny that is forcing all establishments to reassess their ways of working. Today's global citizens, now more knowledgeable and vocal than ever before, are losing faith in their governments' ability to protect society. As this government distrust mounts, individuals are asserting their collective power over organizations they can control—corporations.

At a time when for-profit corporations outnumber nation-states in the list of Top 200 Economic Entities (Global Justice Now, 2015), consumers and employees alike are demanding companies use their influence to drive change. A company's ability to successfully navigate this highly politicized environment will not only determine its success today but will ensure its future viability.

As for-profit corporations continue to rise in economic power and are forced to take on the roles previously assigned to governing bodies—including those of identity, security, and opportunity—the question remains: can profit-driven companies continue to deliver? How will this impact the way business is done now and in the years to come?

*Keywords:* Transparency, Corporate Governance, Employer Values, Employee Fulfillment

Thriving in a Transparent World:  
A Model for Future-Proof Business

The evolution of technology and data on-demand has fundamentally changed how individuals access information. The exploding popularity of connected devices, social media networks, and content aggregators—from Google, Facebook, Wikileaks, and beyond—is not only changing how individuals access information, but also the amount of information that can be accessed. This free-flowing intelligence and constant communication has ushered in a new era of transparency.

This democratization of information has tipped the balance of control into the hands of the masses. Accompanying the widespread access to information is an increased level of expectation and scrutiny that is forcing all establishments to reassess their ways of working. Global citizens, now more knowledgeable and vocal than ever before, are losing faith in their governments' ability to protect society. As this government distrust mounts, individuals are asserting their collective power over organizations they can control—corporations.

At a time when for-profit corporations outnumber nation-states in the list of Top 200 Economic Entities (Global Justice Now, 2015), consumers and employees alike are demanding companies use their influence to drive change. A recent poll by Cone Communications revealed that 86 percent of Americans now expect companies to do more than make a profit, including taking a stance on political, social, and environmental issues (Cone Communications, 2017).

These expectations are only intensifying among the youngest generations. Members of Generation Z, a demographic born between 1995 and 2012, are intent on changing the world for the better. These highly-connected, highly-engaged global citizens are demanding more information from businesses and their impact on the greater good. What they uncover will be a key deciding factor in their future purchasing habits and employment decisions.

With this in mind, it will no longer be enough to *talk* about change: action is required. In this new age of transparency, what was once considered “internal operations” is now visible to all stakeholders and the concept of “brand” extends far beyond a marketer’s control. After all, in the age of #MeToo and #TimesUp, every employee action leaves a brand vulnerable to extinction. Therefore, a company’s ability to successfully navigate this politicized environment will determine its success, today and in the future.

### **The Fall of Governmental Trust**

For centuries, countries have waged wars with other nations as a means of expanding their power through key territorial acquisitions. In doing so, a small country like Portugal was able to become the world’s first global economic power by expanding into resource rich territories like Brazil (Costa, 2016). Today, this hostile resource takeover is less prevalent. Entities rising to economic power are not doing so through aggressive resource expansion, but by providing citizens with a sense of cultural accord, personal security, and economic opportunity. This explains why measures like Consumer Confidence are used as key economic indicators.

Many for-profit corporations, with their sizeable marketing departments, have leveraged the communal need for identity, security, and opportunity to rise in economic power. In fact, as of 2016, 153 of the top 200 global economic entities were corporations, not countries (Global Justice Now, 2016). Of these 153 corporations, 30 held assets greater than \$50 billion each (Global Justice Now, 2016), leaving them with assets greater than two-thirds of the world's nations.

Governments, now losing economic authority to powerful transnational corporations, are also losing the faith of their citizens. According to the 2018 Edelman Trust Barometer, trust in businesses outweighed trust in governments in 21 of the top 28 global markets, including the

United States, Japan, France, and the United Kingdom (Edelman, 2018). The deficit of trust between governments and citizens continues to grow. In the United States alone, 59 percent of people say that the government is the most broken of all U.S. institutions (Edelman, 2018). Furthermore, seven out of ten surveyed believe that the government is failing to fight corruption. This sudden erosion of trust is universally felt across age, region and gender (Edelman, 2018). The public is conflicted over positive economic indicators that contrast with the rise of mass shootings, gender inequality, sexual harassment, the threat of trade wars, and persistent civil rights violations by law enforcement.

Given the growing skepticism in government institutions, citizens are now turning to corporations to uphold the trust once placed in these ruling bodies. When surveyed, 85 percent said they put more trust in private companies than the government (Tynan, 2018). Corporations have gained credibility by responding to the call of this collectively-empowered and socially-conscious generation.

In the wake of President Trump's announcement that the United States would be pulling out of the Paris Agreement, citizens were left feeling betrayed by their own representation (Ballinger, 2017). Several companies, including Apple, Exxon Mobil, Microsoft, and Unilever, reacted by signing a letter to the president asking him to reconsider his decision (Bondarenko, 2017). These companies—many of whom ranked in the top 200 global economic powers—publicly asserted their values by taking a stance against the administration's decision.

Support of the Paris Agreement is not an isolated corporate intervention. Delta Airlines took a comparable controversial position to stand by their values. The airline rescinded the discount program they had previously held for National Rifle Association (NRA) members in the wake of the Parkland Florida shooting (Normans Media Ltd., 2018). Google released a similar

values-based communication ensuring the safety of any visa-holding employee impacted by the Trump administration's Muslim-centric travel ban (Gretel Kauffman Staff, 2017). Likewise, Salesforce, along with countless companies, threatened to pull out of the state of Georgia if their legislature moved forward with a bill legalizing discrimination against the LGBT community (Zarya, 2016).

These are just a few examples of how profit-driven corporations have repeatedly demonstrated their capacity to impact social change when government leaders fall short. Their ability to wield this power can be attributed to the macro-trends dominating the current socio-political environment.

## **The Consumer (R)evolution**

### **The Deluge of Data**

Technology has ushered in a new era of expectation for brands and provided consumers with the tools for a constant flow of communication. Information and data is freely available online as consumers live in a constant state of "sharing" and "search". Today, web platforms like Google, YouTube, Facebook, and Wikipedia act as "open-source" information destinations. They provide access to access to boundless content published by innumerable authors acting under little to no scrutiny.

Yet the information intelligible to the average internet user represents only fraction of what is available. This year, global internet traffic through web, email, instant messaging, and other consumer use is expected to generate 12,864 petabytes of data per month (Cisco Systems). In comparison, the human brain can store roughly 2.5 petabytes of memory data in total. One of the largest contributors to this magnitude of data is the Internet of Things (IoT), which passively converts consumers' physical interactions in the real world into trackable points of data.

Surrounding this flood of data are new industries that have been built to track, understand, and leverage it. Advancements in blockchain technology, predictive analytics, and artificial intelligence provide companies with opportunities to better process and respond to unmet consumer needs. As stated in the *Harvard Business Review*,

In a future in which customer data will be a growing source of competitive advantage, gaining consumers' confidence will be key. Companies that are transparent about the information they gather, give customers control of their personal data, and offer fair value in return for it will be trusted and will earn ongoing and even expanded access. Those that conceal how they use personal data and fail to provide value for it stand to lose customers' goodwill—and their business. (Morey, Forbath, & and Schoop, 2015)

Ultimately, the growing application of technology and data across all corporate environments is directly linked to the increasing consumer demand for transparency.

**Constant Connectivity.** The 2018 Global Digital reports published by WeAreSocial and Hootsuite reveal that nearly a quarter of a billion first-time users came online in 2017. This means that well over half of the world's population now has access to the internet (Kemp, 2018). As of result of more affordable smartphones and data plans, over two-thirds of humanity now has a mobile phone, putting endless data and constant connectivity at people's fingertips.

While these numbers are staggering, unique user growth is not the only driver of increased internet traffic; increased time spent online is also a contributor. The 2018 data provided by Global Web Index shows that the amount of time individuals spend online continues to climb. According to Zenith's Media Consumption Forecasts, the average American will spend 636.6 minutes daily with media this year, or about 70% of total time awake (Mandese, 2018).

**The Internet of Everything.** Constant connectivity is not limited to the direct online interaction of the user but is supplemented by digital devices that exist beyond the screen. Today, the Internet of Things—a term used to describe the vast network of Internet-enabled objects that work together in collecting and analyzing data and autonomously performing actions—continues to expand with the growing popularity of home automation, wearable devices, and smart vehicles. The number of connected devices worldwide is projected to increase from approximately 18 billion in 2015 to 50 billion by 2020 (Statista, 2018). “The new rule for the future is going to be, ‘Anything that can be connected, will be connected’” (Morgan, 2014), presenting a larger question around what personal data companies will have access to in the future and how they plan to use it.

### **Navigating a Hostile Digital World**

This influx of data presents enormous opportunities for abuse, creating a playground for hackers and other malicious agents. For this reason, consumer anxiety concerning personal data continues to grow. In fact, according to an October 2016 Gallup survey, 70 percent of Americans worried about becoming a victim of identity theft and 69 percent feared having credit card information stolen. These fears of cyberattacks surpassed that of burglary, terrorism, and sexual assault (Gallup, 2016).

This consumer fear is not unwarranted. Popularization of digital platforms has brought data breaches to a new level of concern as both the volume and importance of data exposed have increased dramatically over the years. In 2017, the number of data breaches reached a record high at 1,579 breaches, exposing nearly 179 million records in the United States alone. This number was a 44 percent increase from 2016, just one year prior. As feared, most of these incidents were data and identity theft related. (Identity Theft Resource Center)



**Data Insecurity.** The fact that consumers are still largely in the dark about what personal data they are sharing online continues to exacerbate security concerns. Therefore, companies must become more forthcoming and transparent about how they handle consumer data. Worldwide, “only 25 percent of people knew that their data footprints included information on their location, and just 14 percent understood that they were sharing their web-surfing history” (Morey, Forbath, & Schoop, 2015). As consumer education and transparency surrounding data collection begins to improve, so will the expanse of information being captured. While consumers come to realize that their locations are being tracked, the Internet of Things will evolve to recognize how individuals look, where they shop, and what they speak about in the so-called privacy of their own homes. Big Data, along with the predictive algorithms in use, will allow brands to know consumers better than they know themselves.

Yet these powerful profiling capabilities may be a relatively minor danger in the grand scheme of a wholly digitized society. Recent events involving Facebook and Cambridge Analytica demonstrate how powerful the misuse of collected data can be. It is alleged that the unapproved use of personal data may have altered the results of the United States presidential election. The mass of personal information that lives online lends itself to manipulation and political abuse. Supplemented with advances in cognitive linguistics and neuroscience, collected data has the potential to alter human’s independent decision-making. “Our capacity to resist manipulation is limited. Even the crudest forms of subliminal advertising swerve past our capacity for reason and make critical thinking impossible,” says activist George Monbiot (Monbiot, 2017). “Already big money exercises illegitimate power over political systems, making a mockery of democracy.”

**The Proliferation of Fake News.** The power of misinformation online is best demonstrated by the growing concerns about “fake news”. Defined as content that lacks sources and often uses sensational headlines to encourage the consumption and spread of false information, fake news is 70 percent more likely to be retweeted than the truth (David M. J. Lazer, 2018). This allows falsehoods to spread approximately six times faster than a truthful article. Still, fake news continues to prosper because humans, not robots, are more likely to spread it (David M. J. Lazer, 2018).

Despite this fact, citizens have delegated responsibility to brands and corporations to combat this issue. In a 2018 survey, 89 percent of respondents agreed that social media sites were mostly or partly to blame for the spread of fake news (Monmouth University, 2018). With the looming threat of fake facts, individuals seeking information will be more empowered to pursue sources they deem credible, transparent, and trustworthy.

**Implications on Advertising.** The implications of deceptive content spreading in the digital space will be significant for brands and marketing organizations. Today more than ever, the increasing use of digital advertising has eroded the consumer’s trust. With native advertising and content marketing on the rise, jaded consumers increasingly dismiss even the most authentic brand-generated content as spam (Dienel, Robinson, & Allison-Hope, 2015).

Despite this growing anxiety surrounding Big Data, neither companies nor customers prefer to estrange themselves from new technological advances. “Consumers appreciate that data sharing can lead to products and services that make their lives easier and more entertaining, educate them, and save them money” (Morey, Forbath, & and Schoop, 2015). Thus, companies who collect and leverage user information must be increasingly transparent about its usage and how they will provide equivalent value to consumers in return.

After all, consumers believe it is the responsibility of brands to protect their shared data. A recent study by YouGov determined that 62 percent of consumers would first fault the company that loses their personal information before they would blame the individual hacker (YouGov, 2018). Moreover, 69 percent of consumers state that they have or would boycott companies that repeatedly showed they have no regard for protecting personal data. Therefore, in this hostile digital environment riddled with hackers and misinformation, the onus falls on brands and corporations to improve their level of transparency to establish and regain consumer trust.

### **Exploring Brands as Activists**

Despite these mounting threats, ubiquitous technology has also brought about encouraging change, particularly among the youngest generations. Driven in part by the rise of direct-to-consumer brands that view social activism as part of their corporate mission statement, consumers are pressuring corporations to take a stronger stance on social, environmental, and political issues (Tynan, 2018). How brands navigate this ecosystem will be critical to future survival.

The internet in general and social media specifically have allowed brands to develop personalities, value systems, and relationships with customers. Consequently, consumers expect to know more about companies than ever before. In addition to being wholly transparent about the products they sell, companies are being forced to assert their values, both through internal business operations and with external brand platforms. According to technology journalist Dan Tynan, “Firms are feeling the heat from social media-driven moments like #MeToo, #TimesUp and #BoycottNRA, which demand that brands pick a side—and do it quickly” (Tynan, 2018).

**A Generation of Expectation.** These expectations are driven by the most demanding of generations, Gen Z (also known as Generation Edge). Not yet 25 years of age, Gen Z is the first

generation to grow up with smartphone access. According to a study published by the National Retail Federation (NRF), this demographic currently accounts for roughly 25 percent of the U.S. population and wields \$44 billion in annual purchasing power due to their influence on household shopping trips (Cheung, Davis, & Heukaeufer, 2017). According to the NRF study,

Gen Z represents the latest iteration of consumer evolution—one in which control of the brand experience has gradually migrated from organizations to individuals. Companies no longer direct the conversation. At best, they can be willing participants and engage the new generations of consumers according to the preferences of individuals. Those brands that make promises Gen Zers don't trust—or that ignore their attitudes, preferences and styles of engagement—stand to suffer. (Cheung, Davis, & Heukaeufer, 2017)

It is important that companies understand the reasons behind these heightened expectations. Gen Z has experienced sporadic violence like no other generation before it. “It has become a condition of their lives, no longer isolated incidents. Sandy Hook, the Boston Marathon Bombing, Pulse Nightclub, ISIS attacks—traumatic events occurred and continue to occur one after another throughout their formative years” (Bridgeworks, 2017).

This new generation of citizens is impassioned to make a difference in society and is turning to social media to make their demands. “Using YouTube and Google as their professors, they are creating solutions to global, national, and local problems” (Bridgeworks, 2017). The speed and effectiveness of this collective citizen network can be found in the viral dissemination of the “We Call B.S.” speech criticizing the National Rifle Association following the Parkland shooting or the spread of #BoycottStarbucks after the unfounded arrest of two black men in the Philadelphia location of this global coffee chain.

Members of this socially-conscious generation are already trained to vote with their wallets. Nearly three-quarters of Gen Z believes they can change the world, but 85 percent put more trust in private companies than government to do the job (Tynan, 2018). In response, modern fashion brand Everlane and established outdoor recreation retailer REI have launched campaigns to raise awareness around the social issues of LGBTQ rights and environmental sustainability, respectively, and are reaping the rewards with increased brand loyalty and enthusiasm. After all, nearly 90 percent of Gen Z say they are only loyal to brands that share their values in an authentic way (Tynan, 2018).

**The Future of Workplace-Fulfillment.** This support extends well beyond their purchasing habits; it also impacts the brands or companies for which they choose to work. When surveyed on their definition of professional success, members of Gen Z consistently chose options connected to societal impact.

To them, making a difference at work and working for a company that gives back or that takes a stand on social issues they are interested in were more indicative of success than autonomy and financial stability...Working for an organization that aligns with their social compass is important and could be, or most likely will be, the deciding factor when Gen Edgers choose their career and the company they work for. (Bridgeworks, 2017)

While FIT's 2018 Transparency Perception assessment shows that salary, title and company status are the primary drivers to *accept* a position, they are not the drivers of professional *fulfillment* (Fashion Institute of Technology, 2018). Thus, in order to retain this new generation of employees, corporations must rethink their corporate culture, paving a path for personal fulfillment alongside an employee's professional success.

### **Power Shift from Countries to Companies**

In light of these shifts, consumers are challenging companies to meet their expectations, forcing them to take on roles larger than their traditional areas of operation. In his open letter to C-level executives, Larry Fink, CEO of multinational investment firm BlackRock, stated,

We...see many governments failing to prepare for the future, on issues ranging from retirement and infrastructure to automation and worker retraining. As a result, society increasingly is turning to the private sector and asking that companies respond to broader societal challenges. Indeed, the public expectations of your company have never been greater.

His statement comes at a time when 87 percent of young Americans believe that corporations should do more than just make money, listing expectations normally attributed to governments, communities, and non-governmental organizations (Cone Communications, 2017). This statement is backed by the global sentiment uncovered by the Edelman Trust Barometer. According to their 2018 Trust survey across 28 global markets, 64 percent of those surveyed believe that CEOs should take the lead on change rather than waiting for government to impose it (Edelman, 2018). Additionally, 56 percent believe that companies that only think about themselves and their profits are bound to fail.

### **The Evolving Needs of Citizens**

As a result of these technological developments and societal shifts, citizens have turned to brands and for-profit organizations in search of three fundamental needs that governments once provided: community, trust, and loyalty.

#### **Community**

It is human nature to crave connection and a sense of belonging with a larger social entity. Yet with deepening mistrust in politicians and government processes, citizens are finding themselves more removed from government leaders and caught in a widening political divide. Today more than ever, government dysfunction is forcing all citizens to reevaluate their personal opinions on public matters and to seek out others who share their beliefs. Social networks and outspoken brands are filling that gap, leveraging the collective conscience to promote messages of inclusion or assert common values.

### **Trust**

Global populations are in search of personal security and protectors of the public interest. Yet the widening gap between fast-paced technological innovation and lagging government regulation leaves citizens largely unprotected from the threats that new, increasingly digital, business models present, demonstrating the need for constant self-governance among corporations.

### **Loyalty**

Every democracy is built on a fundamental agreement—a modern Magna Carta—that exchanges power for protection of civil liberties. Yet around the world, from developed nations such as the United States and France to developing markets including Mexico and India, citizens put their faith in businesses over government (McCarthy, 2016). Whether this is caused by internal corruption or other failures within the governing system, the trust disparity points to a lack of allegiance between citizens and their representatives. As trust in government continues to decline, individuals are asserting their collective strength over economic entities they can control—corporations. Citizens are leveraging their spending power to drive social change, supporting companies that serve their interests and have society's long-term well-being in mind.

## **How Companies Can Close the Gap**

To achieve success now and in the future, companies must ensure that they are structured to respond to the growing demands of this transparent world. This means laying a foundation that allows for responsible and transparent corporate governance. In a world where information is impossible to hide and constant change is the norm, companies—like governments—are being held to a new level of scrutiny.

To meet these needs and avoid employee and consumer migration, brands and corporations need to provide internal and external stakeholders with the following three requisites: identity, security and opportunity.

### **Identity**

As populations search for outlets of self-expression and alignment with one's values, the choice of what brands they support or what company they join is a method of aligning themselves with a specific community. Therefore, it is of the utmost importance that brands and corporations establish and communicate the purpose and values for which they stand.

### **Security**

With physical, digital, and emotional threats looming, individuals are desperate search for people and products they can trust. Companies that prove they have the safety and well-being of consumers and employees in mind—and are able to communicate this transparently—will experience continued success. In contrast, entities that fail to do so will cease to exist.

### **Opportunity**

As a result of social media networks, individuals wield power like never before, making it even more critical that companies and brands find ways to make their voices heard. Organizations and brands that acknowledge individual opinions and empower people to create



impact will benefit from continued loyalty, while those who refuse will be phased out of the consideration set.



### **The Requisites for a Transparent Brand**

To survive and thrive in this complex, transparent ecosystem, companies must evolve more than their brand marketing strategies. In fact, the concept of “brand” itself has evolved. In the past, a brand was built on premeditated advertising campaigns and controlled communications; today, enhanced access to information offers consumers and employees an inside look into all aspects of an organization.

As a result, all aspects of a company’s operations—not just its products—become elements of its brand. This new level of scrutiny is forcing companies to change the way they operate at every level of the organization or risk irrelevancy. To do this successfully, companies must operate with a clear sense of purpose, well-communicated values, and a model of corporate governance aligned with these objectives.

### **Start with Intention**

In a shocking turn of events, only 60 of the companies listed in the Fortune 500 in 1955 remain on the list in 2017 (Perry, 2017). Similarly, at the current churn rates, roughly half of today's S&P 500 firms stand to lose their position in the next ten years (Perry, 2017). What separates the winners from the losers? A purpose beyond profit. To quote Sherry Hakimi, CEO of organizational development firm Sparktures, "Surviving in today's economy is difficult, but the companies that figure it out have something in common: the pursuit of purpose, alongside the pursuit of profit. A purpose mobilizes people in a way that pursuing profits alone never will" (Hakimi, 2015).

As previously mentioned, the youngest generation of shoppers and workers are already demanding more from the companies they support. A recent article by Andrew Chamberlain revealed that 75 percent of younger workers aged 18 to 34 expect their company to take a stand on political issues affecting the country, including immigration, equal rights, and climate change (Andrew Chamberlain, 2017). The era of "politically correct" is in the past, as new global activism movements such as #MeToo, #BlackLivesMatter, #StopFundingHate gain viral traction. In this environment, consumers are demanding immediate responses from brands. Inaction or silence can be as polarizing as taking a stance. "Traditional brands can no longer sit back and allow well-scripted corporate statements to shape who they are," says Tripp Donnelly, CEO of digital reputation management firm REQ (Tynan, 2018). Brands must be equipped to react in real-time.

Therefore, it is now more important than ever that a company articulates its purpose: a single shared intention that unites the organization and sums up why it exists. Making money is no longer enough. A strong intention—one that can act as a strategic starting point, a product

differentiator, and an organic attractor—is now the key ingredient for a strong, sustainable, and scalable organizational culture (Hakimi, 2015).

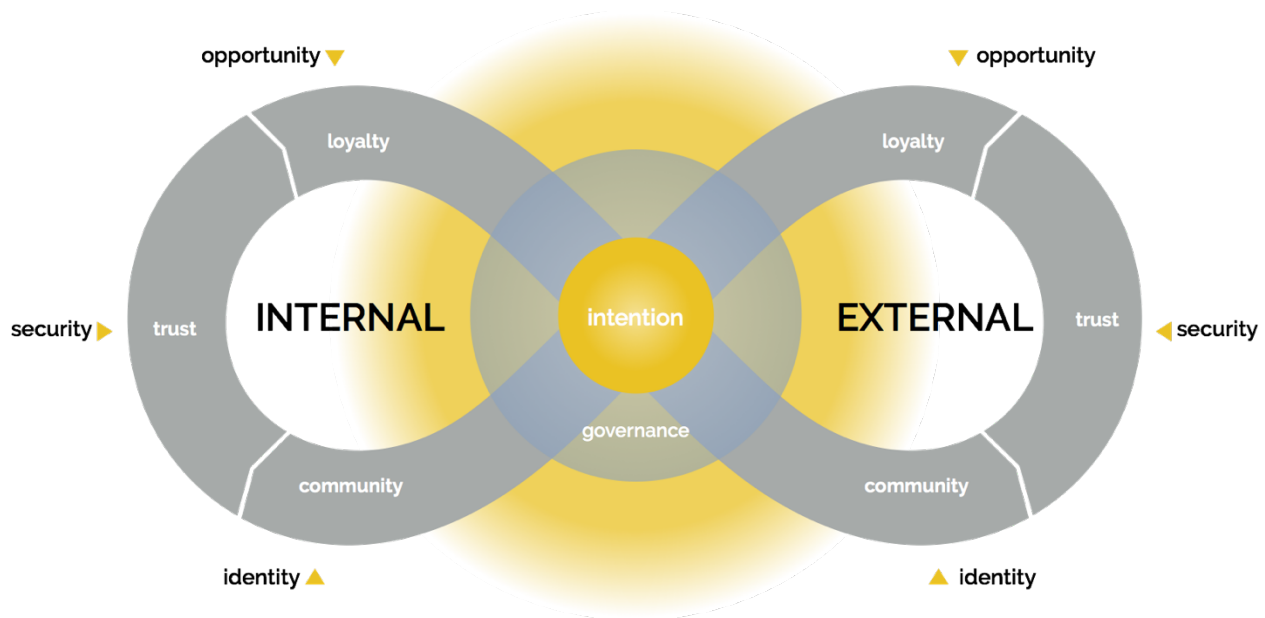
Once an intention is defined, simply communicating it is no longer enough. It requires a credible commitment, and credible commitments are those that are supported by financial investment or forfeiture. In the absence of a cost, all companies can claim that they are purpose-driven and as a result the commitment stops being credible (Serafeim, 2018). Recently, Facebook announced it would prioritize posts from friends and family—meaning reduce frequency of paid or sponsored posts—within users' Newsfeeds in order to protect more meaningful social interactions within its communities. This announcement cost Facebook almost 5 percent of its market capitalization, which amounted to approximately \$27 billion. The decision personally cost Facebook's CEO Mark Zuckerberg more than \$2 billion (Serafeim, 2018). The fact that Facebook would undertake such a commitment knowing the costs suggests that this former tech-startup has its eyes set on its future. Weighing its community over profits in the short-term is more likely to guarantee success in the long-term.

Similarly, all companies must put resources in place to support its intention, instituting a framework that reflects the organization's goals and spells out the company's interests. By embedding the organization's purpose, priorities, and principles in a living set of guidelines, employees can operate in a way that is consistent with the company's intention. Once this framework is created, companies must commit resources to helping employees understand it and thrive within it (Gulati, 2018).

Rather than implementing oppressive workplace controls, companies need to shift to a model built on an engaging corporate purpose, effective management processes that encourage individual initiative, and a people-policy focused on developing employees' capabilities rather

than simply monitoring and micro-managing their behavior. The following outline a model of how this can be done.

### The Model for Transparency



### Internal Stakeholders

In order for companies to successfully challenge the power of elected governments, they must begin with their immediate populace: their employees. Brands have long understood that shoppers have a myriad of options when making purchase decisions. In fact, they allocate considerable resources to understand every step of the consumer purchase journey; yet few dedicate a reciprocal amount of resources to understand their own internal stakeholders. Today's companies must recognize that new technology-enabled professional networks, including LinkedIn and Glassdoor, allow employees to uncover job opportunities across sectors and around the globe. Moreover, these social networks continue to engage employees beyond the

recruitment and job search process. Internal stakeholders can now report on and cross-compare companies like never before, divulging and seeking information on corporate benefits, reward structures, and internal culture. The information posted on these websites determine a company's ability to attract and retain talent.

Therefore, companies must acknowledge the career opportunities available to their top-performing talent and value engaged employees as much as they value their loyal consumers. Sharing information transparently with internal employees and responding to their needs is a critical first step in building a community that is aligned to a company's mission. Shel Holtz, author and communication strategist, argues "It's time for employee communicators to start thinking like marketers, delivering the right information to the right employee at the right time through the right channel" (Bovet, 2018).

**Internal Stakeholders: Attracting the Right People.** The commitment to the internal employee starts during the recruitment and hiring phase. In order to thrive in the long term, a corporation must seek out talent that aligns with the organization's identity in addition to distinguishing technical and professional competencies. The first step in this process of attracting the right talent is to first look inward and define the organization's key principles and values (Smith, 2014). An organization with a strong identity communicated upfront allows for a united internal workforce. With a corporate intention established, recruits can be screened against a defined set of characteristics.

One of the biggest missteps companies make is hiring employees without confirming their cultural fit. Successful organizations include character traits in the job description and determine ways to evaluate the character of potential hires. Screening for traits like integrity,

humility, gratitude and self-awareness are key to worker satisfaction and success; in addition, they are critical in developing a company's purpose (Fawal, 2017).

In order to uncover these traits during a candidate's interview, companies must prioritize character questions along with competency questions. While competency questions are aimed at establishing a candidate's skills, abilities, and qualifications, character questions are intended to illuminate a candidate's intrinsic values and personality. The latter characteristics are what determines an individual's identity, and consequently, impacts the identity of the company. An example of a character question is, "Tell me about three people whose lives you positively changed. What would they say if I called them tomorrow?" Questions like these help confirm whether the values of the applicant and the organization align.

Still, finding qualified talent is not an easy task. Historically, it was the job of human resource departments and recruiters to identify suitable external talent for an organization. Too often, these positions are far removed from the day-to-day functioning of the teams for which they are expected to hire. To solve this ongoing issue, organizations much coach managers and team leaders within all functions to think like recruiters. This will help build a more robust and relevant candidate pipeline, and as a result, help attract talent that aligns culturally with the teams they lead. As an added benefit to organizations, sharing recruitment responsibilities also increases managers' willingness to spend the time needed coaching and developing their team members (Garton, 2017).

**Artificial Intelligence Improving Recruitment.** While today's human resource departments and team managers are the experts on respective team identities, any recruitment activity led by a human resource is clouded with individual bias. In fact, humans are notoriously bad at picking the right applicant when compared to algorithms (Dana, 2017). In order to

minimize biases and boost valuable workplace diversity, the future of recruitment will see increased involvement from artificial intelligence (AI). AI technologies will allow companies not only increase efficiency in hiring, but also eliminate personal bias.

Today, technology-enabled solutions already utilize machine-learning to identify talent and screen candidates, allowing companies to evaluate dedicate time to determining the best fit. These new applications will allow hiring managers to make decisions purely on candidates' qualifications and characteristics without regard to their alma mater, their previous employer, or even their name. When used in recruitment, these AI applications—including X.ai, ClearFit, and Filtered—have been found to generate more diverse teams (Maurer, 2018) and already being applied by corporations including Unilever, Hilton, and Tiffany & Company.

**The Recruitment Return on Investment.** The financial benefits of better hiring decisions are significant. A study by Resoomay and Link Humans found that a bad hire can cost an organization as much as \$240,000. This includes the costs of hiring, compensation, training, disruption, severance and missed business opportunities (Resoomay, n.d.). Further, the value of the bad hire's workplace contribution was half that of the average hire, netting a negative return on investment of -289 percent. To close the recruitment gap, organizations of the future must ensure they are not only including managers in the hiring process but also leveraging all technological advancements available.

The return on invested effort to recruit value-aligned employees is notable. Research conducted by *Harvard Business Review* noted that inspired employees were three times more productive than dissatisfied employees (Garton, 2017). Further, the FIT Transparency Perception Assessment Survey found that having a corporate culture and values that align with those of the employees was a top driver of fulfillment in the work place. Specifically, respondents in the

beauty industry were 53 percent more likely than the general population to list “company culture” as the number one reason for professional fulfillment (Fashion Institute of Technology, 2018).

Generational value shifts also need to be taken into consideration when planning recruitment strategies. While the Millennial generation is motivated by their work team, Gen Z is motivated by meaning. They want to work for a company that aligns with their beliefs and identity (Rask, 2017). This incoming cohort of working young people are looking for companies that serve the community and a larger purpose. While one might infer this belief-system would generate a generation of not-for-profit founders, Gen Z is actually highly pragmatic. Having witnessed older siblings incur crippling student loan debt, financial stability is a priority for Gen Z. Their desire to have a purposeful life coupled with workplace security is the perfect opportunity for established organizations to leverage their social values as a recruitment strategy.

### **Internal: Security Leads to Trust**

**Champion Employee Security & Social Welfare.** At a time when large corporations are challenging governmental powers, it is important that companies realize their responsibility to provide for their employees’ safety, security, and well-being. Physical, financial and emotional security is now a non-negotiable for a productive, fulfilled employee.

The FIT Transparency Perception Assessment Survey found that salary is a key deciding factor in employment decisions, with 44 percent of respondents noting it as the top reason why they accept a job offer (Fashion Institute of Technology, 2018). However, amid times of economic and civil unrest, financial security must now be paired with emotional security. This comes from workers feeling valued and secure in their current workplace.



When employees feel accepted, appreciated, recognized, and respected, employers reap a significant benefit. Safety to share new ideas or empowerment to make decisions, allows a workforce to innovate more quickly (Schwartz, 2014). But when this emotional safety is compromised, individuals allocate mental capacity to defending their decisions and their behavior. This wasted energy could be better spent creating value for the organization (Schwartz, 2014). Therefore, employees must first feel protected and secure within an organization before they can drive ongoing success for their employers and external stakeholders.

**360-Degree Feedback.** In government, as in business, representatives are not appointed solely based on their ability to make financial decisions. They are appointed for the ability to balance the well-being of the economy with the well-being of all their people. Similarly, in this new age of transparency, balancing employee interests alongside corporate interests helps to ensure success over time. This is why job performance feedback should not be limited to the transaction of a manager with his or her employee.

Utilizing 360-degree feedback systems allows employees to be measured by other internal stakeholders with whom they interact. This system of feedback weighs one's impact on others alongside his or her impact to the bottom line. Applying this technique provides a more accurate picture of an employee's contribution or shortcomings within an organization. This helps both the employee and employer track an individual's progress and their perceived involvement in the organization. Incentivizing against these 360-degree feedback results helps maintain a feeling of mutual respect and unified community within an organization.

To ensure both the employee and company's success, managers should be held accountable for helping to close any identified performance gaps and upskill where needed. This is especially true for middle management employees. It is critical that the feedback of those that

work alongside an employee are considered equally important as the feedback from an employee's direct manager.

Tesco is an example of an early adopter of 360-degree employee feedback. Over ten years ago, the British grocer started to utilize 360-degree feedback as a way to foster a warmer culture where employees felt heard and inspired by leadership (ETS). Tesco Group Head of Talent, Jon Sale, noted that the feedback “[results] give our 360 participants a really quick and accessible overview of their performance results. They’ve found it particularly insightful to see their strengths, development areas and perception gaps in one place.” By incentivizing against the feedback results, Tesco was able to develop leaders more rapidly and promote not only on what an individual achieved but on how they achieved it (ETS). Maintaining this sense of value and respect among employees leads to increased safety, trust, retention and loyalty.

### **Internal: Opportunity Leads to Loyalty**

*“Appealing to a higher purpose helps everyone coalesce and work better together”*

-Fran Maier, FounderMatch.com

Once a company has laid out its intention and values, it is important to commit resources to help employees understand the guidelines and thrive within them. A foundational step in establishing guidelines is defining corporate key performance indicators, or KPIs, and ensuring that all employees understand the role they have in achieving these goals. These guidelines can actually support and nurture freedom by giving people a clear, positive, galvanizing sense of where the organization is trying to go.

To do this, clear performance metrics and rating systems must be cascaded down from upper management consistently across all functions. This facilitates team alignment with the broader organizational purpose and mission. This clear communication should also allow

employees to operate with a broader understanding of how their efforts affect the end consumer experience. Ultimately, if the internal employee is unclear of how a process supports an external consumer, there is room to reframe and align the two stakeholders to a shared vision.

Internal organizations should embrace internal reflection at the organizational level in the same way employees embrace 360-degree feedback. Organizational self-evaluation can best be achieved by measuring Employee Net Promoter Scores (eNPS). eNPS is an adaptation of the original Net Promoter Score, which was developed to understand the net level of advocacy for a brand or organization. Both NPS and eNPS scores are calculated by asking individuals to answer the question, “How likely are you to recommend this brand or organization to a friend?” using a scale of one to ten (Satmetrix Systems, 2017). Scores of nine and ten are considered promoters or loyal enthusiasts who will keep buying and or referring others. Scores between seven and eight are considered passive where the respondent is satisfied but vulnerable to competitive offers. Any respondent scoring the organization between zero and six is labeled a detractor and can damage the organization and impede growth (Satmetrix Systems, 2017). The goal of improving both eNPS and NPS is to increase internal and external advocates. If every employee is engaged in a company’s mission and operates in a way that reflects this, it can translate into overall brand performance.

Although 89 percent of employees are at least somewhat satisfied with their jobs, 40 percent have considered seeking employment elsewhere in the next year. According to LinkedIn reports, 36 percent of individuals who switched jobs did so due to dissatisfaction with the workplace environment and culture (LinkedIn Talent Solutions, 2015). In most cases, an employee departure leaves an organization trying to identify the cause of the move. By implementing eNPS measurement as a foundational KPI within the organization, companies can

proactively manage any potential issues that would lead to employee dissatisfaction. Further, eNPS can help to uncover insights that drive the promoters to rate the company higher, thus highlighting key areas which can be further amplified.

### **Revisiting Rewards**

In addition to monitoring eNPS, companies must constantly adapt their corporate rewards system to remain competitive. Nearly one-third of organizations increased their overall benefits offerings in the last 12 months, yet the question remains whether organizations are adjusting their packages based on employee wants. Ikea is an example of an organization that has taken a proactive stance on benefits. Ikea employees are given a voice in their own benefit options. For example, the company regularly surveys its employees to better understand what types of benefits they would like to have and responds with necessary adjustments. As a result of this program, Ikea now offers four months of paid parental leave after one year of employment for part-time and full-time employees that work in corporate headquarters or the retail stores (Gillett, 2017).

Ikea is an example of a corporate entity that reflects the attitudes of its homeland, Sweden. According to the social progress index, or SPI, Sweden scores highly across three social progress measures—basic needs, foundations of well-being, and opportunity (Social Progress Imperative, 2013). Ranked 8<sup>th</sup> overall in the world in 2017, Sweden excels at providing basic human needs such as water and sanitation, nutrition and medical care, and access to education. With these foundational human needs provided by a progressive government, individuals are more likely to sense access to opportunity and take entrepreneurial risks.

Another proponent of active rewards adjustment is sports and outerwear company Patagonia. Patagonia has eliminated annual raise cycle for its workers. Instead the company

adjusts wages for each position much more frequently. Increases can be distributed when employees take on more difficult projects or go above and beyond their role. The company retains a budget for the top one percent of individual contributors, and supervisors can make a case for any contribution that merits that designation, including contributions to teams.

Table 1 below provides a summary of the identity, security, and opportunity attributes and measures that can be taken to transform the internal employee journey.

**Table 1. Summary of Internal Employee Journey**

Attribute	Actions to Implement
<b>Brand Identity Creates a Community</b> <i>Define your intention and culture in order to recruit others who shares the same values and beliefs</i>	<ul style="list-style-type: none"> <li>- Clearly communicate brand intention and values</li> <li>- Make hiring decisions based on candidates' alignment with these values</li> <li>- Leverage team leaders and AI in recruitment to eliminate personal bias</li> </ul>
<b>Security Leads to Trust</b> <i>Ensure the financial and emotional safety of employees in order to increase engagement</i>	<ul style="list-style-type: none"> <li>- Establish market-rate salary tiers and share how employee pay is calculated or adjusted</li> <li>- Utilize 360-degree performance feedback to facilitate a dialogue with employees</li> </ul>
<b>Opportunity Generates Loyalty</b> <i>Commit resources that allow employees the freedom to thrive within an organization's structure</i>	<ul style="list-style-type: none"> <li>- Cascade clear KPIs beyond financial goals, like eNPS, that allow for cross-functional alignment and provide a clear path to promotion</li> <li>- Consider employee interests when designing rewards and benefit systems</li> <li>- Support employees with ongoing training and functional rotations throughout their career</li> </ul>

### From Internal to External

As a result of the increased demands for transparency, the lines of communication between internal and external stakeholders have also been blurred. It is imperative that companies value this fluidity in communication, acknowledge the importance of the voice of employees and the potential two-way conversation with consumers. Part of Glossier's success, outside of its streamlined packaging and celebrity fan base, is that it has created a conversation.

This conversation exists between and amongst its stakeholders, whether they are employees or loyal consumers. The brand's communication and tone of voice has resulted in a supportive sisterhood that permeates even its recruitment messaging:

Trust us, we're you—Most Glossier employees started out as customers. Which is why the team naturally takes a customer-minded approach to the work they do each and every day. Even if you're not looking for a career change, the Glossier ecosystem survives and thrives on a symbiotic relationship with you, and her, and her, and him. This is a group effort. (Glossier, n.d.)

### **External: Brand Identity Creates Your Community**

A clear brand identity that has permeated company structure, voice, and internal consumers organically creates a following. More than ever, consumers are supporting brands whose identities are aligned with their own values and beliefs. "...Nearly all [brands] are feeling the pressure to take stronger social, environmental and political stances, especially from the youngest consumers to flex their marketing might, Generation Z. How nimbly brands navigate that minefield is crucial to their future survival" (Tynan, 2018).

Once this community has been established, it authentically attracts larger constituents. This population can range from employee talent and retailers to investment communities that support and contribute to product innovation and acquisition proposals. Unilever's CEO, Paul Polman, declined Warren Buffet and Kraft Heinz's 2017 takeover bid citing that it was "clearly a clash between a long-term, sustainable business model for multiple stakeholders and a model that is entirely focused on shareholder primacy" (Daneshkhu, 2017). A response of this magnitude, delivered in a public platform, firmly rooted Unilever's brand identity and elicited an equally sizeable response from Unilever's community. Bono, an enviro-philanthropic elite, offered to

write a song in support of the CEO's decision and charity workers, unions and shareholders united in a YouGov petition.

In order to attract an external community of followers, a brand's identity must be communicated clearly and must consistently align with the company's operations. Authenticity gaps—separate what the brand communicates and how its employees act—lead to a loss of trust and financial confidence from consumers. According to *Adweek*, "...brands that stray too far from their comfort zones, or attempt to shamelessly appropriate social or cultural movements, tend to pay the price" (Tynan, 2018). Both Glossier and Unilever have proven that creating cultural alignment between community and brand intent results in financial gains. In an interview with *Quartz*, Glossier founder Emily Weiss projected a 600 percent sales growth before the end of 2016 and estimated that 90 percent of this revenue could be attributed Glossier's fan base (Avins, 2016). Unilever has seen similar success since CEO Polman joined in 2009. Annual sales revenues have climbed from €40 billion to €53 billion with a healthy earnings margin of 18 percent (Buckley, 2017). Unilever's sustainable brands accounted for 60% of sales growth in 2016 and its shares have more than doubled in the past five years.

### **External: Security Leads to Trust**

The view on what "responsibility" means continues to evolve, and with that evolution comes higher expectations. Today's consumer expects a company to go beyond the traditional focus of internal operations. They expect companies to not only stand for but stand up for key issues. According to a 2017 Corporate Social Responsibility (CSR) study, "...consumers also see business as instrumental in addressing many of the hot button concerns...domestic job growth (94%) was top of mind, but issues such as racial equality (87%), women's rights (84%), and cost of higher education (81%) also ranked as priority topics for companies to problem-solve" (Cone

Communications, 2017). Consumers want to feel that a company is working in their best interest. In fact, consumers are 91 percent more likely to purchase a product from a company with a CSR index of 80+ versus 12 percent from a company with a CSR index of 0-39 (Reputation Institute, 2017).

Equally as important as CSR is how a company takes responsibility for and manages the aftermath of its missteps. Historically, companies withheld information on mistakes they made. Now, however, companies operate in an environment of internal whistleblowers, external hackers, and empowered investigative journalists. The accessibility of information and the speed at which it spreads places the consumer in the position of knowledge. Instead of waiting for a response to be demanded, brands should proactively share information when they make a bad decision. Once brands admit to their faults, they earn the respect of their consumers, which results in greater compassion and understanding. In fact, 26 percent of millennials said they are willing to forgive an error, compared to 20 percent who did not have a pre-existing relationship (Sullivan, 2018). Starbucks was most recently in the news for having two black men arrested in the Rittenhouse Square location on suspicion of trespassing. Not only did the company issue a public apology from the CEO but they also committed to closing 8,000 US locations to train 175,000 employees and address implicit bias and discrimination. By sacrificing a day's worth of Starbucks sales, estimated at \$12 million, the company earned back the respect of their customers. Those who bounce back quickly from a public misstep are methodical but, importantly, authentic in their approach. In the event of a mistake, companies must react quickly, detail their fault clearly, and explain their corrective course of action.

In 2017, one common corporate blunder was the exposure of private customer data. There were 1,579 data breaches reported, up 44.7 percent from 2016 (Identity Theft Resource



Center). Unfortunately, consumer trust in a companies' ability to keep their personal data safe is quickly eroding. For this reason, a company's transparency around the consumer data they collect and their ability to offer a fair value in return for information will make or break businesses. As is demonstrated in the on-going debate between Apple and the U.S. Federal Bureau of Investigations (FBI), data privacy remains a hot topic for many and raises questions. What role does the country play in protecting or utilizing its citizen's data? Conversely, what is the role of a company in protecting its consumer's data and where does the line blur between brand consumption and public safety? In the case of Apple, they stood by their vow in defending civil liberties and their brand community acknowledged and appreciated this measure.

Outside of the technology sector, Disney theme parks has also placed a large focus not only on collecting consumer data but also ensuring that the value exchange far outweighs consumer's concerns. With the launch of their MyMagicPlus Program, every guest to Disney World gets a MagicBand which is equipped with technology that streams real-time data and shares with many internal systems: "With a simple swipe of the band across sensors located throughout the park, the giant system knows where you are, what you're doing and what you need" (Marr, 2017).

What makes consumers so comfortable with a brand that they entrust it with details pertaining to their children? Disney's purpose with the program was to optimize the theme park's efficiency, enhance their consumer's experience and find opportunities to increase sales. The park is agile enough to reorganize food carts to a section of the park if a large amount of its consumers who have not used their bands to purchase food happen to be in the same section. In return, children could be greeted by favorite Disney characters by first name or candid photos of

the family enjoying the park could be sent via email. It is customer service taken to the next level.

Supply chain transparency is increasingly an area of focus for consumers looking to align themselves with a company that adheres to strong ethical practices. Everlane, a direct-to-consumer fashion brand that offers transparency to sourcing and pricing, has shifted this paradigm. By supplying an itemized cost of product (including material, labor, and transport) and providing videos of the production line in the factory where products are made, Everlane exemplifies a level of transparency that is true to its brand core. In fact, when there was a drop in cost of goods, the company shared this with its community and dropped the price of its cashmere sweater from \$125 to \$100. This strategy is proving to be profitable for this direct-to-consumer brand. According to Privco, Everlane hit \$100 million in revenue in 2016, just six years after launch. Everlane's consumers are so aligned with the brand's ethos that they are willing to pay more for a product when enough information is shared. This is proven by their seasonal "Choose What You Pay" promotions, where customers can purchase items for the price of their choosing. The website explains that the lowest price option allows Everlane recoup its costs, while paying more allows it to invest in future product development. During these promotions, 12 percent of shoppers opt to pay more (Segran, 2018).

### **External: Opportunity Leads to Loyalty**

When your external community feels a sense of promise with a brand, their level of loyalty increases, they are engaged and feel they have a voice in the brand. This level of loyalty results in a willingness to share information back with the brand and to trust that this data is used wisely, ultimately for the benefit of the consumer and the larger brand community. Thus, the relationship between a brand and its consumer evolves into creator and co-creator- "44% of U.S.

consumers are loyal to brands that actively engage them to help design or co-create products or services (Amato-McCoy, 2017)." For example, Glossier, which launched their first co-created product in 2016, their highly coveted Milky Jelly Cleanser. They replicated that success a year later with Crème de Glossier, asking their loyal blog followers questions as specific as, "How should it make your skin feel?" and "Ingredients suggestions?". What was key to this exchange was that it was a conversation and a partnership. The brand was not talking at the consumer, but with the consumer. With subtle copywriting cues and inclusion of consumers during the development process made this exchange felt authentic.

In 2015 e.l.f. Cosmetics, the popular value makeup brand, leveraged engaged consumers to finalize their product offerings as they expanded into skincare. A selection of concepts was presented on the brand website and consumers were asked to vote on which products they most wanted to see in market. Using these survey results, e.l.f. Cosmetics identified three products that most resonated with its audience. Those same consumers were then sent a communication announcing the products that won the vote and given the opportunity to purchase pre-sale.

**Table 2. Summary of External Journey**

<b>Attribute</b>	<b>Actions to Implement</b>
<b>Brand Identity Creates a Community</b> <i>Consumers are looking to align themselves with a company that shares the same values and beliefs.</i>	<ul style="list-style-type: none"> <li>- Clearly communicate brand intention and values</li> <li>- Internal operations must support external communications</li> </ul>
<b>Security Leads to Trust</b> <i>Today's consumer demands to know how corporations will protect their safety</i>	<ul style="list-style-type: none"> <li>- Put measures in place to safeguard consumer data</li> <li>- Admit to mistakes quickly and respond with corrective action</li> <li>- Provide insight into sourcing and the supply chain process</li> </ul>
<b>Opportunity Generates Loyalty</b> <i>Once consumers join a brand community, companies must listen and respond to their voices</i>	<ul style="list-style-type: none"> <li>- Establish social listening tools for real-time feedback from consumers</li> <li>- Democratize “influencer” status by providing the consumer the opportunity to co-develop or test products</li> </ul>

### **The “In-Sumer” Continuum**

The “Model for Transparency” reflects a pivotal shift that is occurring within the internal and external hemispheres of global companies. The internal requires attracting talent that aligns with the organization’s identity, providing a clear compensation roadmap based on 360-degree feedback and embracing internal reflection with eNPS. The external requires companies to assume the responsibility of creating a sense of community by establishing a strong identity, ensuring a sense of security with the protection of its (consumer) data and transparency of supply chain operations and establishing a sense of loyalty by providing consumers with an opportunity to engage.

The interaction between the external and internal hemispheres is equally, if not more, important. The employee needs to be valued as much as the consumer and, and conversely the consumer needs to become embedded into the company’s ethos as much as the employee. A country is only admired if it is loved by its citizens, and similarly, as stated by Simon Sinek, “customers will never love a company if employees don't love it first”. Thus, this new in-sumer

represents the amalgamation of the two biggest corporate stakeholders and the fluidity that must exist between them in the transparent world. Today's consumers can co-develop products, while employees can act as brand influencers.

In most recent months, Disney found itself amid transparency demands and is one of many recent examples that demonstrate the blurred delineation between the internal and external stakeholder. In a move to ensure that the brand's intention is clear to its external consumers and stakeholders, during Disney's 2017 annual shareholder's meeting, CEO Bob Iger was called to step down from President Trump's business policy forum. In March of 2018, during the annual shareholder's meeting, Disney made headlines again as their internal stakeholders, Disneyland Resort employees, demanded that the company provide a living wage. Amidst the wage discussions, and #stopdisney-poverty, Disney shareholders rejected a compensation increase for CEO Bob Iger who was eligible to receive \$142 million in stock, a base salary of \$3 million and a \$20 million bonus. This may have been an attempt to address the fact that Disney was ranked third in the nation for the largest wage gap between executive's salary and median worker's annual pay (Miller, 2018). These demands are no longer an internal conversation that can be addressed strictly within the company's "walls"- these conversations are now public and have the power to influence the external consumer and their perception of the brand.

This blurring of traditional internal and external spheres benefits all stakeholders involved. In order to remain relevant in this new transparent world, companies need to embrace the new corporate responsibilities of identity, security and opportunity and facilitate the new in-sumer journey by further blurring the line between employee and consumer.

### **The Case of Unilever: A Real-World Application of the In-sumer Continuum**

Unilever has clearly stated its intent to “make sustainable living commonplace” (Unilever, 2018). In order to put this intent into action, Unilever established the Sustainable Living Plan, which consists of three elements: to help more than a billion people improve their health and wellbeing, to halve the environmental impact of the making and use of their products, and to enhance the livelihoods of millions of people in their supply chain (Unilever, 2018). This Sustainable Living Plan is the blueprint that the Unilever Executive Leadership utilizes to drive operational excellence of the business. Led by CEO Paul Polman, the leadership team is responsible for monitoring the implementation and delivery of the Unilever Sustainability Plan. With strong alignment between Unilever’s intent of making sustainable living commonplace, and a governance structure implemented to drive this intent, Unilever is able to deliver identity, security, and opportunity to both consumers and influencers.

Unilever provides identity to influencers, through its purpose-driven brands. Of the top 40 brands within Unilever’s portfolio, 18 are now sustainable living brands including their six largest (Knorr, Dove, Dirt is Good, Lipton, Roxana and Hellmann’s). These brands have a strong and clearly stated intent. In the case of Dove, the brand stands for Real Beauty. The brand is stewarded with this intent, and it drives everything the brand communicates and advocates (Steele & Ruia, 2018). With these sustainable living brands growing 50% faster than the remainder of Unilever’s business and delivering more than 60% of the company’s overall growth in 2016 (Unilever, 2017) they have built a strong community of consumers. Unilever is dedicated to providing security to these followers and nurturing positive communities.

Recently, Unilever has announced two initiatives to provide greater security to consumers. The first, is linked with product security. Unilever has launched fragrance disclosures across seven of its brands, encompassing nearly 100 SKUs. This initiative provides

fragrance ingredient information up to 100 parts per million (Unilever, 2017). They have also added information next to each ingredient to help consumers understand their purpose and benefit.

The second measure provides greater online security for consumers. Unilever has committed to responsible platforms, content, and infrastructure in the online environment for consumers, and announced a cut back in investment to platforms that breed division. As a means of further reinforcing this measure, Unilever has threatened to pull out of Facebook and Google due to the proliferation of fake news and misinformation, in addition to a lack of transparency in their advertising. Leading the cause for this transparency, Unilever is currently piloting a program with IBM to develop a program that will track the digital ad buying ecosystem via Blockchain (Dignan, 2018).

With their strong identity and commitment to security, Unilever closes the external loop with measures that foster loyalty by extending to stakeholders a means of amplifying the company's intent of "making sustainable living commonplace". One of these measures is Unilever's launch of the Bright Future platform. This platform helps unite efforts of a community that seeks to build a world in which everyone lives well and lives sustainably. Since its launch in 2013, they have helped 2 million children across the world through Save the children, UNICEF, and the World Food Program; provided half a million meals in the UK; and reached 115 million people through health and sanitation programs in India (Unilever, 2018). In addition to the Bright Futures program, Unilever also launched the Young Entrepreneurs Award, as a means of "generating ideas that can change the world for the better". The winning candidate not only receives a 100,000€ financial reward, but is entitled to 12 months of business

consultation services from experts at Unilever and the Cambridge Institute for Sustainable Leadership (Unilever, 2018).

Unilever's strong commitment to providing identity, security, and loyalty is not exclusive to external stakeholders. The organization has implemented several initiatives to deliver these values to internal employees. Unilever facilitates purpose workshops that all employees are encouraged to join (Steele & Ruia, 2018). These workshops are designed to help employees define their purpose. They are centered on the belief that who you are at work is who you are at home. The individual should not divide their personality to live two separate lives. At the conclusion of the workshop, employees have a personal "mantra" that defines for them what values guide their behavior. They use this mantra to help build and guide their career at Unilever. It is a way to ensure that they bring their "full self" to work.

In terms of "how they bring" themselves to work, Unilever offers agile practices that give employees flexibility as means of securing the needs of their life outside of the office. These practices are powered by technology, championed by senior leadership, and empowered by social interaction (Poole, 2017). These measures allow employees to feel trusted by management and provides them with the security they need to perform their jobs in ways that will bring value to their personal lives, while delivering value to the organization.

Finally, Unilever offers opportunity to future employees via AI empowered recruitment practices. Unilever recruits' entry level positions through a series of online questions and cognitive tests (Thibodeaux, 2017). These tests help reveal clues about the applicant's education, intelligence, personality, and emotional stability, pairing candidates with potential positions based on their compatibility with the position. This measure provides equal opportunity for



candidates bearing the right skillset to be considered and eliminates bias that is present in the in-person interviews.

### **Conclusion**

In a letter to CEOs, BlackRock's CEO Larry Fink states, "Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society" (Fink, 2017). There is a reason why BlackRock, which manages \$6 trillion in global assets, assesses companies not only on financial performance, but also on societal contribution—these factors are no longer mutually exclusive.

Consumers and employees alike are demanding that companies determine their contribution to society and use their newfound economic power to drive change. As transparency into all business practices escalates, organizations will no longer be able to conceal or maneuver communications to support selfish financial interests. Therefore, organizations must conduct business in a manner consistent with a clearly defined intention.

It is imperative the company not only set this intention but implement a governance structure that allows the intention to permeate throughout its internal and external practices.

The priorities set for internal employees must mirror those of external consumers and stakeholders, creating a governance structure that supports the Insumer Continuum. Internal stakeholders must be granted the rights of identity, security and opportunity, if a company is to build community, trust and loyalty with its consumers. Organizations must prioritize these measures to not only to secure their own future, but the future of society. In the age of transparency, companies cannot succeed in a society that fails.

## References

- Amato-McCoy, D. (2017, February 14). *Accenture: Traditional loyalty programs waste 'billions' in digital age*. Retrieved from Chain Store Age:  
<https://www.chainstoreage.com/article/accenture-traditional-loyalty-programs-waste-billions-digital-age/>
- Andrew Chamberlain, P. (2017). *What's Ahead for Jobs? Five Disruptions to Watch in 2018*. Glassdoor. Retrieved from Glassdoor.
- Avins, J. (2016, December 1). *Glossier is building a multimillion-dollar millennial makeup empire with Slack, Instagram, and selfies*. Retrieved from Quartz Media LLC:  
<https://qz.com/847460/glossier-girls-emily-weiss-on-how-glossiers-customers-became-its-most-powerful-sales-force/>
- Ballinger, M. (2017, June 1). *Reaction of President Trump's decision to pull the U.S. out of the Paris agreement*. Retrieved from Los Angeles Times:  
<http://www.latimes.com/politics/washington/la-na-essential-washington-updates-reaction-to-president-trump-s-decision-1496348624-htmlstory.html>
- Bondarenko, V. (2017, Junw 1). *28 major US companies that don't want Trump to abandon the Paris agreement*. Retrieved from Business Insider:  
<http://www.businessinsider.com/companies-dont-want-trump-cancel-paris-agreement-google-apple-exxon-2017-6>
- Bovet, C. (2018, January). *18 Internal Communications Best Practices for 2018*. Retrieved from Enplug: <https://blog.enplug.com/internal-communications-best-practices>
- Bridgeworks. (2017). *Connecting with Three Generational Segments in the Workforce*. Retrieved from Generations.com
- Buckley, T. (2017, August 31). *If Unilever Can't Make Feel-Good Capitalism Work, Who Can?* Retrieved from Bloomberg: <https://www.bloomberg.com/news/features/2017-08-31/if-unilever-can-t-make-feel-good-capitalism-work-who-can>
- Bureau of Labor Statistics . (2018). *Bureau of Labor Statistics (BLS) Job and Career Information*. The Balance Careers.
- Cheung, J., Davis, T., & Heukaeufer, E. (2017). *Gen Z Brand Relationships*. IBM Institute for Business Value. National Retail Federation.
- Cisco Systems. (n.d.). Global IP data traffic from 2016 to 2021 (in petabytes per month). *Statista - The Statistics Portal*.

- Cone Communications. (2017). *2017 Cone Communications CSR Study*. Boston: Cone Communications.
- Costa, L. F. (2016). *An Economic History of Portugal, 1143-2010*. Cambridge: Cambridge University Press. Retrieved from Wikipedia:  
[https://en.wikipedia.org/wiki/Economic\\_history\\_of\\_Portugal](https://en.wikipedia.org/wiki/Economic_history_of_Portugal)
- Dana, J. (2017, April 8). The Utter Uneasiness of Job Interviews. New York City, NY, USA.
- Daneshkhu, S. (2017, December 3). *Paul Polman: how I fended off a hostile takeover bid*. Retrieved from Financial Times: <https://www.ft.com/content/76cddc3e-d42e-11e7-a303-9060cb1e5f44>
- David M. J. Lazer, M. A. (2018, March 9). The Science of Fake News. *Science*, 359(6380).
- Dienel, E., Robinson, J., & Allison-Hope, D. (2015). *Transparency, Purpose, and the Empowered Consumer: A New Paradigm for Advertising*. BSR.
- Dignan, L. (2018, February 12). *Unilever aims to force more digital ad transparency, plots blockchain pilot with IBM*. Retrieved from ZDNet:  
<https://www.zdnet.com/article/unilever-aims-to-force-more-digital-ad-transparency-plots-blockchain-pilot-with-ibm/>
- Edelman. (2018). *Trust Barometer Annual Global Study*. Edelman.
- ETS. (n.d.). *Tesco: Using 360 Feedback to Embed New Leadership Skills*. United Kingdom: ETS.
- Fashion Institute of Technology. (2018). *FIT Transparency Perception Assessment Survey*. New York: Fashion Institute of Technology.
- Fink. (2017). *A Sense of Purpose*. Retrieved from BlackRock:  
<https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>
- Gallup. (2016). *Crimes Americans worry about most in 2016*. Retrieved May 19, 2018, from Statista - the Statistics Portal: <https://www.statista.com/statistics/339735/crime-worries-in-the-united-states>
- Garton, E. (2017). What If Companies Managed People as Carefully as They Manage Money? *Harvard Business Review*.
- Gillett, R. (2017, February 8). *30 incredible perks companies like IKEA, Facebook, and Goldman Sachs offer their employees*. Retrieved from Business Insider:  
<http://www.businessinsider.com/best-company-perks-2017-2>
- Global Justice Now. (2015). *Revenues of Countries and Corporations Report*. London: Global Justice Now.

- Glossier. (n.d.). *About Us*. Retrieved from Glossier: <https://www.glossier.com/about>
- Gretel Kauffman Staff. (2017, January 31). Google workers rally against Trump's travel ban. *Christian Science Monitor*.
- Gulati, R. (2018, May). *Structure That's Not Stifling*. Retrieved from Harvard Business Review: <https://hbr.org/2018/05/structure-thats-not-stifling>
- Hakimi, S. (2015, July 21). *Why Purpose-Driven Companies Are Often More Successful*. Retrieved May 19, 2018, from Fast Company: <https://www.fastcompany.com/3048197/why-purpose-driven-companies-are-often-more-successful>
- Identity Theft Resource Center® (ITRC) and CyberScout®. (2017). *2017 Annual Data Breach Year-End Review*. Retrieved from Identity Theft Resource Center: <https://www.idtheftcenter.org/2017-data-breaches>
- Identity Theft Resource Center. (n.d.). *Annual number of data breaches and exposed records in the United States from 2005 to 2017 (in millions)*. Retrieved May 19, 2018, from Statista - The Statistics Portal: <https://www.statista.com/statistics/273550/data-breaches-recorded-in-the-united-states-by-number-of-breaches-and-records-exposed/>
- Kemp, S. (2018, January). *Digital in 2018: World's Internet Users Pass the 4 Billion Mark*. Retrieved April 2018, from We are Social: <https://wearesocial.com/blog/2018/01/global-digital-report-2018>
- LinkedIn Talent Solutions. (2015). *Why & How People Change Jobs*. LinkedIn.
- Marr, B. (2017, August 24). *Disney Uses Big Data, IoT And Machine Learning To Boost Customer Experience*. Retrieved from Forbes: <https://www.forbes.com/sites/bernardmarr/2017/08/24/disney-uses-big-data-iot-and-machine-learning-to-boost-customer-experience/#5f7782c83387>
- Maurer, R. (2018, February 12). *4 Trends that wil Shape Recruiting in 2018*. Retrieved from SHRM: <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/trends-recruiting-2018-ai-data-shrm.aspx>
- McCarthy, N. (2016, February 16). *How Global Trust In Business Compares To Government*. Retrieved May 19, 2018, from Statista - The Statistics Portal: <https://www.statista.com/chart/4370/how-global-trust-in-business-compares-to-government/>
- Miller, D. (2018, March 8). *Disney shareholders reject executive pay plan in nonbinding vote at annual meeting*. Retrieved from Los Angeles Times:

- <http://www.latimes.com/business/hollywood/la-fi-ct-disney-shareholder-meeting-news-20180307-story.html>
- Monbiot, G. (2017, March 6). *Big data's power is terrifying. That could be good news for democracy*. Retrieved May 19, 2018, from The Guardian: <https://www.theguardian.com/commentisfree/2017/mar/06/big-data-cambridge-analytica-democracy>
- Monmouth University. (2018, March). *How much are social media sites like Facebook and YouTube responsible for the spread of fake news?* Retrieved May 19, 2018, from Statista - The Statistics Portal: <https://www.statista.com/statistics/649221/fake-news-expose-responsible-usa/>
- Morey, T., Forbath, T., & Schoop, A. (2015, May). Customer Data: Designing for Transparency and Trust. *Harvard Business Review*.
- Morgan, J. (2014, May 13). *A Simple Explanation Of 'The Internet Of Things'*. Retrieved from Forbes: <https://www.forbes.com/sites/jacobmorgan/2014/05/13/simple-explanation-internet-things-that-anyone-can-understand/#5a3566ff1d09>
- Normans Media Ltd. (2018, February 26). Delta ends NRA discount to annual meeting. *ENP Newswire*.
- Perry, M. J. (2017, October 20). *Fortune 500 firms 1955 v. 2017: Only 60 remain, thanks to the creative destruction that fuels economic prosperity*. Retrieved May 19, 2018, from AEIdeas: <http://www.aei.org/publication/fortune-500-firms-1955-v-2017-only-12-remain-thanks-to-the-creative-destruction-that-fuels-economic-prosperity/>
- Poole, D. (2017, February 7). *How Unilever makes agile or virtual working a remarkable success*. Retrieved from LinkedIn: <https://www.linkedin.com/pulse/how-unilever-makes-agile-virtual-working-remarkable-success-poole/>
- Rask, A. (2017, July 27). *Motivating a Multigenerational Workplace: A Cheat Sheet*. Retrieved from Bridgeworks Generations: <http://www.generations.com/2017/07/27/motivating-a-multigenerational-workplace-a-cheat-sheet/>
- Reputation Institute. (2017). Retrieved from <https://www.reputationinstitute.com/resources/registered/pdf-resources/2017-global-csr-retrak.aspx>
- Resoomay. (n.d.). *What is the True Cost of Hiring a Bad Employee*. Retrieved from Undercover Recruiter: <https://theundercoverrecruiter.com/infographic-what-cost-hiring-wrong-employee/>

- Satmetrix Systems. (2017). *What is Net Promoter?* Retrieved from NICE Satmetrix: <https://www.netpromoter.com/know/>
- Schwartz, T. (2014, August 1). *The Magic of Feeling Safe at Work*. Retrieved from The New York Times: <https://dealbook.nytimes.com/2014/08/01/the-magic-of-feeling-safe/>
- Segran, E. (2018, February 22). *How Everlane Is Building The Next-Gen Clothing Brand*. Retrieved from Fast Company: <https://www.fastcompany.com/40525607/how-everlane-is-building-the-next-gen-clothing-brand>
- Serafeim, G. (2018, January 16). *Facebook, BlackRock, and the Case for Purpose-Driven Companies*. Retrieved May 19, 2018, from Harvard Business Review: <https://hbr.org/2018/01/facebook-blackrock-and-the-case-for-purpose-driven-companies>
- Seseri, R. (2018, January 29). *How AI Is Changing the Game for Recruiting*. Retrieved from Forbes: <https://www.forbes.com/sites/valleyvoices/2018/01/29/how-ai-is-changing-the-game-for-recruiting/#2529030e1aa2>
- Shapiro, J. (2015, November 05). *Teenagers In The U.S. Spend About Nine Hours A Day In Front Of A Screen*. Retrieved from Forbes: <https://www.forbes.com/sites/jordanshapiro/2015/11/03/teenagers-in-the-u-s-spend-about-nine-hours-a-day-in-front-of-a-screen/#19f28a31a7c9>
- Smith, R. (2014, March 27). *How to Hire Someone Aligned with the Company's Mission*. Retrieved from Entrepreneur: <https://www.entrepreneur.com/article/232587>
- Social Progress Imperative. (2013, April 11). *Sweden Takes Best Care of Its Citizens: Study*. Retrieved from The Local Se: <https://www.thelocal.se/20130411/47278>
- Society for Human Resource Management. (2018). *2017 Employee Benefits: Remaining Competitive in a Challenging Talent Marketplace*. Alexandria: SHRM.
- Statista. (2018). *Internet of Things endpoint spending worldwide by category from 2014 to 2020 (in billion U.S. dollars)*. Retrieved from Statista: <https://www.statista.com/statistics/485252/iot-endpoint-spending-by-category-worldwide/>
- Steele, A., & Ruia, P. (2018, May 18). (M. Huang, & M. Sarris, Interviewers)
- Stroik, T. (2016, December 22). *Responsibility of our 'general Welfare' falls to government*. Retrieved from The Kansas City Star: <http://www.kansascity.com/opinion/readers-opinion/guest-commentary/article122471249.html>
- Sullivan, L. (2018, April 2). *Consumers Lose Loyalty When Brands Make Mistakes*. Retrieved from MediaPost: <https://www.mediapost.com/publications/article/316969/consumers-lose-loyalty-when-brands-make-mistakes.html>

- Thibodeaux, W. (2017, June 28). *Unilever Is Ditching Resumes in Favor of Algorithm-Based Sorting*. Retrieved from Inc.: <https://www.inc.com/wanda-thibodeaux/unilever-is-ditching-resumes-in-favor-of-algorithm-based-sortingunilever-is-di.html>
- Tynan, D. (2018, April 15). *Why Brands Are Under Increasing Pressure to Be Transparent About What They Believe In*. Retrieved from AdWeek: <http://www.adweek.com/digital/why-brands-are-under-pressure-to-be-transparent-about-what-they-believe-in/>
- Unilever. (2017). *How to Boost Business Growth Through Brands With Purpose*. Retrieved from Unilever: <https://www.unilever.com/news/news-and-features/Feature-article/2017/how-to-boost-business-growth-through-brands-with-purpose.html>
- Unilever. (2017). *Unilever Fragrance Disclosure On Smartlabel*. Retrieved from Unilever: <https://www.unileverusa.com/our-stories/stories/Unilever-fragrance-disclosure-on-smartlabel.html>
- Unilever. (2018, May). *About*. Retrieved from Unilever: <https://www.unilever.com/about/inspiringaction/brightfuture/>
- Unilever. (2018, May). *About*. Retrieved from Unilever: <https://www.unilever.com/about/inspiringaction/unilever-young-entrepreneurs-awards/index.html>
- Unilever. (2018). *Sustainable Living*. Retrieved from Unilever: <https://www.unilever.com/sustainable-living/>
- Unilever USA. (2018, May 19). *About*. Retrieved from <https://www.unileverusa.com>
- YouGov. (2018, February). *Data Privacy & Security Report*. Retrieved from eMarketer: <http://totalaccess.emarketer.com/chart.aspx?r=216751>
- Zarya, V. (2016, March 17). *Salesforce CEO Threatens to Take Business Out of Georgia If 'Anti-Gay Bill' Is Signed*. Retrieved from Fortune: <http://fortune.com/2016/03/17/marc-benioff-anti-gay-bill/>
- Zenger, T. (2016, September 30). *The Case Against Pay Transparency*. Retrieved from Harvard Business Review: <https://hbr.org/2016/09/the-case-against-pay-transparency>

