

NEXT STAGE

THE SOCIAL GOOD REPORT: PROFIT & PURPOSE

Executive Summary

2021

About This Report

The Social Good Report: Profit & Purpose is an in-depth examination of how social good gets done in the Queen City. This study examines the way businesses and nonprofits are constructing innovative partnerships aimed at community impact.

It is also an exploration of how 'doing good' drives the bottom line of the private sector. While this may seem a provocative concept, Next Stage sourced courageous business leaders willing to go on record with examples of how engaging with nonprofits and aligning with positive community impact drives profitability by increasing revenue and decreasing expenses.

Research was conducted between August 2020 and March 2021 by Next Stage, a Charlotte-based consulting company that partners with private sector change-makers and nonprofit organizations to design and implement strategies that build strong organizations and fuel community change. Primary research sources included:

- ◆ 50+ interviews with business leaders across a range of expertise, including leadership, brand development, corporate social responsibility, talent development and more.
- ◆ 30+ interviews with community and nonprofit leaders, including a range of organization sizes, expertise and focus areas.
- ◆ An online survey of more than 350 Millennials and Gen Z in Mecklenburg County, designed to shed light on changing expectations around social good and company engagement.

Learn more about Next Stage by visiting our website at www.nextstage-consulting.com or by following What's Next?, our twice-monthly webcast where we convene businesses and nonprofits partnering together to build real community change.

About the Co-Authors

Josh Jacobson is the Founder and CEO of Next Stage where he specializes in strategic positioning and tactical implementation, helping companies and nonprofits develop the plans and platforms to advance their goals. Over the last 15 years, Josh has directly managed engagement with more than 250 institutions and is known for bringing expansive thinking and practical implementation to the work of Next Stage.

Janet Ervin is Chief Marketing Officer at Next Stage, bringing a depth of experience in strategic positioning, brand development and communications. With significant experience as a practitioner in the nonprofit sector, Janet has also worked in the corporate sector where she built social impact programs driving workforce development goals.

Definition: Social Good

Activities aimed at helping the greatest number of people in the greatest possible way; a positive societal impact.

EXECUTIVE SUMMARY

Your business has already changed - you just don't know it yet.

As pandemic conditions continue to improve, employees and business leaders will begin to venture back into offices. Our community is returning to a work world that will never be the same - but the pandemic didn't cause it. Charlotte is living at the intersection of significant cultural, political and generational change and the stakes are high for companies and the community alike.

The reentry into daily life will likely reveal that our systems, businesses, institutions and faith communities are permanently disrupted - and sometimes broken - in ways that we didn't expect. But these disruptions aren't new.

The publication of the Chetty Study in 2014 gave Charlotte yet another wake-up call. Despite best efforts from many organizations and institutions over a long period of time, our community ranked dead last among 50 cities for economic mobility. Children who are born into poverty in Mecklenburg County will most often die in poverty, just miles from where they were born. The study only provided metrics for something that was already deeply felt. Protests after the Keith Lamont Scott shooting in 2016 forced many individuals to contend with the long-ranging impacts of racial segregation and inequality.

Our institutions have had good intentions to study what is happening and deploy resources that will enable change. Charlotte is defined by a generous spirit, southern hospitality and a 'can-do attitude' when it comes to commitment to community. Leaders in a diverse range of neighborhoods, businesses and nonprofits have long worked toward what is best for the community.

So why do so many people in Mecklenburg County continue to lag behind?

It's time to throw out the corporate social responsibility rulebook and invest in a new paradigm. Approaches to societal change are evolving across the country. Google 'social good' and you'll find articles about social entrepreneurship and 'third way' businesses. There exists a growing collective understanding that our systems need to change and that we all need to play a role, driven by several factors that are rapidly influencing how we tackle our biggest challenges.

1. Pandemic

The COVID-19 pandemic didn't cause the disruption to nonprofit and corporate business models - these changes have been coming for a long time. Instead, it revealed the weaknesses to the systemic approaches our institutions have deployed and forced us to confront realities that we've been applying band-aids for far too long. Existing gaps and cracks in the deployment model that had long been at a low boil became overnight emergencies. A tent city appeared on the side of I-277. Food pantries couldn't keep their shelves stocked because of demand. When schools closed, nonprofits were forced to set up outdoor tents next to school buildings so children could access wi-fi - because one in five homes in Mecklenburg County lack access to the Internet.



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2. Social Change

Set against the backdrop of a global pandemic, the murders of Breonna Taylor and George Floyd ignited a cry for racial justice and social change that had long been smoldering. Like the pandemic, the protests that took place throughout the summer of 2020 did not start a movement for racial justice, but forced it into the spotlight in ways that could no longer be ignored by mainstream culture.

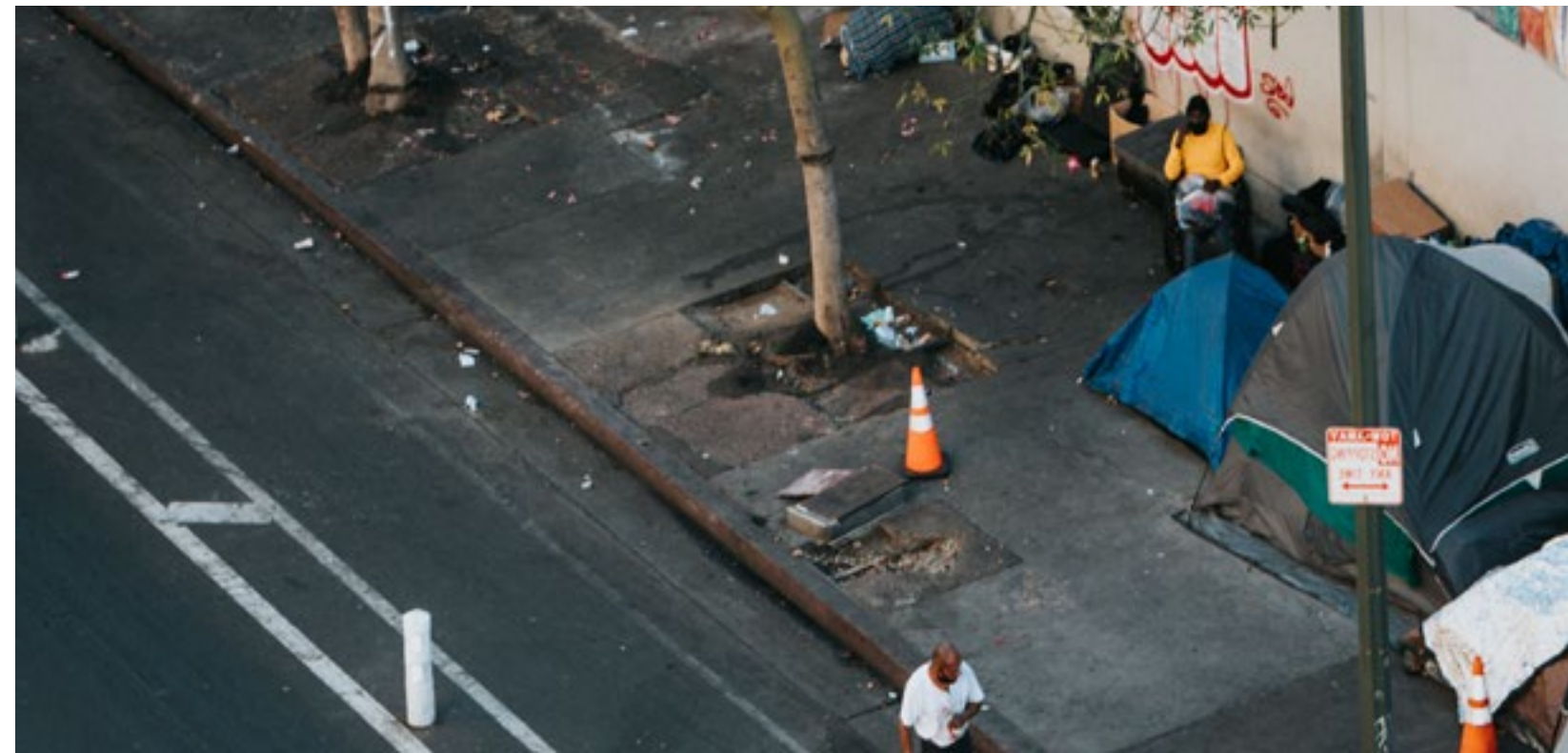
On another front, increasing concern about climate change and sustainability focused greater attention on brand practices and the way company policies are impacting the world. As people feel the real-world impacts of climate change, consumers expect the businesses they frequent to acknowledge and address the problem. Nearly 60% of US consumers want the companies they engage to take a stand on issues of racial justice, climate change and more.

In the past, companies could keep their heads down and 'refuse to play politics.' Social issues were considered the purview of advocacy organizations and the private sector tended to be reluctant to take a strong stance because of fears they would alienate customers. This is no longer sufficient. Today's consumer and employee expectations are changing. There are very real benefits to staying ahead of the curve and engaging issues - and very real consequences for companies that prefer to stay neutral.

Employers were forced to consider work-life balance and mental health in new ways. Workers who were already juggling a lot were suddenly drowning under the increased demand of their jobs, families and virtual education for their children. A mental health crisis appeared alongside the 'main' pandemic, and businesses suddenly needed to consider how to best support and engage their workers as everyone struggled to adapt to the realities of a virtual environment.

Talk about a challenge for companies. For a long time, 'taking care of community' was relegated to community engagement, marketing or corporate social responsibility (CSR) departments. And while those efforts did a lot of good, the challenges of the past year demand new approaches. The tides are changing and we can no longer ignore what's at stake - most importantly the health and success of every Mecklenburg County resident.

But beyond philanthropic efforts, these shifts mean that business profitability itself is at stake. If we continue to apply temporary solutions to these challenges, organizations will struggle even more with issues of recruitment, culture, marketing, sales and sustainability. Alternatively, if companies embrace these changes, we can create a stable economy where everyone thrives and has access to opportunity.



This is a newer expectation for companies and one that does not come naturally. A large number of companies made racial justice statements in the summer of 2020, with varying degrees of public reception. Some, like Nike, were well received because of the brand's previous support of Colin Kaepernick and other athlete protests. Other companies were criticized for offering statements without tangible action.

Consumer expectations for this type of engagement will only grow as Millennials and Gen Z age into the workforce and gain more buying power in the market. Gone are the days when companies (and nonprofits!) could get away with basic, empty statements – or with saying nothing. In a fast-changing world, companies must engage or be left behind.

3. Generational Change

Millennials have been cast as one of the most 'disruptive' generations in US history and Gen Z appears poised to intensify that disruption. Born after 1981, these two generations grew up during a time defined by major cultural change. Older Millennials came of age during 9/11, getting their first jobs just as the Great Recession hit in 2008. Now the younger generations are graduating, launching careers and raising families against the backdrop of a worldwide pandemic. Millennials are the first 'digital natives' – and Gen Z can't even recall a world without cell phones, Netflix and wi-fi available 24/7.

It's no wonder these generations are seen as so disruptive.

Millennials and Gen Z are widely considered the most socially conscious generations ever, but the way they perceive giving back is notably different from the ways their parents and grandparents engaged in social good.

Overall, millennials are interested in systemic change and are far more committed to a cause itself, rather than an organization. According to The Millennial Impact Report, 90% of millennials are motivated to give by a compelling mission, not the organization itself – and 90% of those same millennials would stop giving if they stopped trusting an organization. This loyalty means that younger generations are often willing to give and donate across a range of organizations oriented around a cause they care about most.

It is this same bend towards systemic change that inspires younger generations to perceive a larger range of actions as their contribution to social good. In the past, donations and volunteer hours were the primary currency of social good. But younger generations include actions like voting, changing their buying habits and sharing content as equally important to social change.

They want these social good habits integrated into their daily lives. Younger consumers expect the brands they use to be socially aware and responsible. They want their employers to support a workplace culture that prioritizes diversity and inclusion, a sense of purpose and a focus on community. These generational shifts are even showing up in the culture of shareholders and is informing how investors shape their retirement portfolios. Companies are taking notice.



The Case For Social Good

The pace of these changes is only going to speed up, fueled by technology and changing public opinion. Business has long had a role to play in the social good of a community – but what if social good has a role to play in the health of a business? For too long, we've viewed profit and purpose as mutually exclusive concepts. Many organizations want what is best for the community, but these efforts are often siloed – and 'staying in our lane' hasn't gotten us very far.

The stewards of social good in our community are unquestionably the 501c3 nonprofit organizations with missions focused on improving society for all who live here. Nonprofit ideals, knowledge and commitment paired with business efficiency, acumen and dollars creates a powerful combination. This intersection has the ability to create significant change for our community, but we have to be willing to examine our own organizations and write a new rulebook.

Some of the companies interviewed for this study were challenged to admit that business needs inside their companies were significant drivers of their investment in social good, remaining committed to vetted cause marketing messaging about 'giving back' to the community, even behind closed doors. The sooner companies acknowledge that they need nonprofits as platforms for engagement as much as (if not more than) the nonprofits need them as a source of financial support, the sooner dying structures of 'corporate sponsorship' can evolve into a true expression of partnership.

We believe that tearing down walls between businesses, nonprofits, government and faith communities will not only strengthen our community – it will strengthen our organizations through shared purpose and drive. Our institutions have already changed, fueled in large part by the people who work there.



Nearly 60% of US consumers want the companies they engage to take a stand on issues of racial justice, climate change and more.¹

Source: [The Corporate Social Mind](#)

With the 2021 iteration of the Social Good Report, Next Stage has examined this intersection of profit and purpose through in-depth primary and secondary research, and we've arrived at a framework for further exploration – four primary thematic headings with 12 drivers of bottom-line serving impact creating intersectionality between the private sector and nonprofits. On the pages that follow, we have summarized in a snapshot the high-level findings that are unpacked in great detail in the full report.

Let us be clear: **we don't think nonprofits alone are the solution.** But we do think it is high time we broke down silos between the private sector and nonprofits and invented something new.

Our examination sought to uncover a potential win-win-win framework – solutions to challenges facing companies, resources to drive the business models of nonprofits, and positive outcomes for our community that lead to substantive change to the status quo.

In the end, companies that seek out these intersections and leverage social good to improve both the community and their own bottom line will reap the benefits - or they will ignore it at their own peril.

Full Report coming June 3, 2021



CHAPTER SUMMARIES



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DRIVE YOUR BRAND WITH VALUES

CHAPTER SUMMARIES

Social good can help companies form authentic relationships with consumers, who are more concerned that ever with the way brands engage the world.

Brand Engagement

1. Consumers increasingly view their purchases through the lens of impact and social activism. Social good helps brands engage with customers through an **alignment of shared values**.
2. Transactional expressions of brand are no longer enough. Digital connectedness demands quality content and companies seeking **differentiation** to build brand 'stickiness.'
3. Authenticity is the hallmark of brands that are built to last. Companies can look to the nonprofit sector to find earnest, human-centered brand partners that foster **genuine relationship**.

Case Study Authentic Brand Relationships at Giordana Cycling Apparel

Cause Marketing

1. Slapping logos on t-shirts and calling it cause marketing is a thing of the past. Savvy companies are looking for a **strong value proposition** in nonprofits they engage with, and smart nonprofits are getting creative in fulfillment strategies.
2. Companies engage in nonprofit cause marketing partnerships because it builds **authentic alignment**, which is the secret power social good organizations need to do a better job of packaging and leveraging.
3. Nonprofits with **large, influential constituencies** can offer more than brand alignment to partner companies. Nonprofits have fervent followers with transferrable potential when the engagement is done well.

Case Study Employees as Brand Ambassadors at OrthoCarolina

Network Development

1. Companies should aspire to show up as an authentic **expression of an employee's identity**. Nonprofits can play a triangulating role for companies to build expressions of workforce pride.
2. Nonprofits can help businesses incentivize community engagement, turning day-of-service volunteerism into a more **meaningful experience** that taps into the personal passions of employees.
3. Nonprofit board service is an old strategy that has had new life as younger employees seek ways to lead in community, form network connections based on shared values and pursue **relational marketing** that spans traditional boundaries.

Case Study Relational Marketing Through Board Service at Greer Walker



CREATE A CULTURE THAT STICKS

CHAPTER SUMMARIES

Social good can serve as an expression of company identity that clearly aligns values with actions.

Employee Engagement

1. Employees increasingly expect their values to be expressed in the workplace through personal care. Nonprofits can offer **value-aligned** social good expressions driven from the bottom up.
2. While collective engagement is often the goal of workplace volunteerism, smart companies encourage the **individual passions** of employees, nurtured through collaborations with nonprofits.
3. Employees crave social good interaction that broadens perspectives, deepens understanding, and above all creates change. Nonprofits can bring these authentic **social good experiences** inside the walls of a company.

Case Study A Culture of Purpose at Sunlight Financial

Employee Wellbeing

1. The **emotional wellbeing** of the workforce is a top-of-mind challenge for companies. Social good engagement can be a salve for stress and nonprofits can be vendors of these emotional releases.
2. Companies can **gamify healthy attitudes** through cause-related engagement that leads to a healthier workforce. Nonprofits can create fun, values-centric ways to encourage fitness while driving positive community outcomes.
3. The concept of **community health** became very real during a pandemic where access to healthcare for all became an issue of personal risk. Nonprofits were important conduits for companies during the crisis and can be strategic partners moving forward.

Case Study Exploring the Criticalness of Employee Wellness with Willis Towers Watson

Diversity, Equity & Inclusion (DEI)

1. Companies have struggled to find their **advocacy voice** on the topic of DEI. Stakeholders are demanding proof of commitment, and investments in the nonprofit sector can put words into action.
2. Designing and implementing strategies to combat inequity requires **expertise**, and Charlotte has a number of knowledgeable DEI consultants, thought leaders and nonprofits positioned to offer high-quality services.
3. Companies already engaged in social good are realizing the importance of making investments in equity-centered organizations committed to **inside-out** solutions that directly partner with the communities they aim to help.

Case Study A Moment of Equity Reckoning in the Queen City





BUILD A NEXT GENERATION WORKFORCE CHAPTER SUMMARIES

Social good can strengthen the talent pipeline through development, education and training.

Talent Recruitment

1. Building a workplace culture focused on social good starts with committing to **values-driven** hiring. Today's top talent is equally likely to evaluate the company for its own values and community engagement.
2. While salary and benefits will remain a top priority during the hiring process, younger talent is very focused on **work-life balance**. Offering time away to engage with nonprofits is an old strategy with renewed purpose.
3. The talent shortage in many industries requires companies to aggressively compete for a small talent pool or consider **non-traditional hiring sources**. Nonprofits can be ideal partners for growing a new talent pipeline.

Case Study Attracting Talent Through Social Good at Wray Ward

Workforce Pipeline

1. The business needs of local employers are an opportunity to reach into community to create **new streams of talent**. Navigating local resources may be a challenge for HR teams, but nonprofits can partner on effective strategies.
2. Selecting a nonprofit partner for a workforce strategy is not unlike other types of strategic partnerships. Smart companies build relationships with their nonprofit partners to **ensure a strong fit**.
3. It takes time for workforce pipelines to mature. **Mentorship** and **apprenticeship programs** are not a quick fix, but persistence, patience and time bring big rewards.

Case Study Building an Equity-Informed Talent Pipeline at Torrent Consulting

Professional Development

1. Engaging in volunteerism with nonprofits is a strong way to **develop the skills** of a company's workforce, as leadership, problem-solving and team building are framed by community need.
2. If companies thought Millennials were disruptive, wait until they meet Gen Z. Often called the **'Founder Generation,'** these employees are competitive, fast-moving and natural risk-takers who see in emerging nonprofit leaders a kinship. This is a natural alignment to explore.
3. Younger workers are conscious of **representation** in ways that previous generations seldom considered. Engaging with social good is an opportunity to put their experiences into practice in service to community.

Case Study Launching Community-Focused Professional Development at Moore & Van Allen



DESIGN A SUSTAINABLE FUTURE CHAPTER SUMMARIES

Social good can help companies develop sustainable business practices that keep economic growth, social mobility and environmental health front and center.

Economic Sustainability

1. Growing local talent starts well upstream of workforce development. Nonprofits focused on ensuring access to early care and education and **nurturing children** into adulthood are early partners in the local talent pipeline.
2. Companies can activate the local economy through the **supply chain**, a powerful ally in the effort to address economic mobility. Nonprofits can be important brokers as champions of local businesses, particularly when considering inclusive practices.
3. Though Charlotte is a national banking center, there are surprisingly few efforts focused on **entrepreneurship**. Nonprofits focused on local entrepreneurship can assist with implementing community-based strategies.

Case Study Charting Economic Access for Hispanic/Latino Entrepreneurs at Bank of America

Social Mobility

1. Companies involved in social impact strategies are recognizing the important role **community-based organizations** play in leveraging trust. This requires businesses to build new relationships to advance their social impact efforts.
2. A recurring gripe is the lack of **collaboration** between nonprofits. Encouraging formal partnerships is an opportunity for the corporate community that often provides financial support across multiple areas of focus.
3. No single financial commitment will change a systemic problem. But companies that adopt a posture of **multi-year investments** in nonprofits encourage increased risk-taking and pilots that lead to breakthroughs.

Case Study Bridging the Digital Divide with AvidXchange

Environmental Sustainability

1. Many companies point to their Green Teams – employee-led internal resource groups – when asked about environmental stewardship. Research suggests employees want more than **surface-level expressions** and nonprofits can offer tangible solutions.
2. Building a bottom-up culture starts with encouraging employees to 'live their values' at work. **Employee education and engagement strategies** are ways employers can work with nonprofits to design effective solutions that move beyond slogans.
3. **Smart growth** is a hot topic in the Queen City, as the city debates the Charlotte Future 2040 Comprehensive Plan. Employers, aided by nonprofits, can activate strategies that lead to a more livable community.

Case Study Building a Sustainable Development with Crescent Communities

