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What Are We Changing and Why Are We Changing It?

November 8, 2003 Speech given by Reggie Van Lee (Booz Allen Senior Vice President) at the annual Net Impact Texas McCombs Business School.

Thank you all for inviting me to be with you at this most amazing gathering of Net Impact. I'm old enough (barely) organization, Students for Social Responsibility.

Back then, and it was just ten short years ago, many in the business world viewed the organization as a bunch of newly minted MBAs naively wandering into the corporate world and making change happen from the inside out.

Now there was nothing wrong with being environmentally or socially astute. In fact we know that it is mission critical impact they have not only on the environment but on the lives of their employees, suppliers, and business partners socially engaged. But corporate America wasn't yet truly enlightened about the value of corporate social responsibility today. So that begs the question: what changed?

A little historical perspective helps frame that question. In the 1980s and much of the 1990s a growing number of a necessary evil something that was managed under the umbrella of "community affairs" or some similar non-th

The idea as I recall it was to make sure key stakeholders were aware of all the good things the company did in the associations like giving to charities, belong to the local chamber of commerce, supporting the right professional fan we would have something called "reputation equity" to fall back on.

In other words at least to those who might be skeptical about corporate intentions the business world was reluctant enlightened form of PR. The goal was to create and benefit from the halo effect of their "good works" so that when at them a little less critically.

But then things started to change. And the speed of change accelerated dramatically as a result of external factors the motivation to plan for. The change began with a divergence and convergence of business and social interests u

At first corporate social responsibility was seen as a response to activist shareholders and other third parties like the company's policies, practices, lack of diversity, predatory behavior, and the like. At the same time other corporate stockholders, Wall Street analysts were demanding return on investment on a quarterly basis. Unfettered capitali social issues. This was clearly a divergence and convergence of interests and marked the beginning of the serious social responsibility.

At the recent Ford Foundation Corporate Involvement Initiative that one of my colleagues participated in a white

"While businesses and corporations merge and globalize, governments and public sector programs are scaling government and civil society are changing dramatically with European governments leading the way re economy from resource provider and rescuer to catalyst and enabler."

Along those same lines Business for Social Responsibility points out that over the past decade the CSR has grown

- Increased stakeholder activism and much more sophisticated stakeholder engagement.
- The proliferation of codes, standards, indicators and guidelines for appropriate and acceptable corporate behavior.
- Accountability through the value chain as stakeholders increasingly hold corporations accountable for their actions (e.g. on supplier environmental, labor and human rights issues).
- And growing government interest and action particularly in Europe where corporate social responsibility is becoming a top policy and business agendas.

So let's go back to this conference's title: "From Corporation to Community: Building a Network for Change." Are we really changing and why are we changing it?

I assume that most of you are involved with Net Impact because you believe in its mission – fostering a new generation of business leaders to create a better world. That's pretty heady stuff. But not only is it stuff worth doing, it is mission critical for the next generation of leaders.

As The Aspen Institute points out so well in its "Beyond Grey Pinstripes 2003" report, it is up to the next generation of leaders that success will be defined differently. The rules have changed. The bottom line is different.

Success will be defined and determined by leaders who understand the intricate and fragile intersection of financial performance and environmental issues. And that's where you come in.

The next generation of leaders – people like you – will need the values, skills and vision to make social responsibility a core part of their "leadership" – not "corporate" or "business" leaders – just "leaders." Because whether leading in the corporate, public or non-profit sectors, new standards of accountability. Social impact will become as important a measure as financial ROI. The two will be intertwined.

At Booz Allen Hamilton I'm proud to say we have an environment that demands social responsibility. It's ingrained in our culture. We are measured and held accountable for them. It is part of our culture. We are proud of our awards in the fields of diversity and service. We are proud that we are an acknowledged leader in workplace diversity and are seen as a family friendly company for working mothers.

You know, I'm a management consultant. I work with CEOs and other executives. I'm responsible for generating possible strategic and creative thinking for my clients. I'm also engaged in the community and with institutions like the Theater or my alma mater, MIT. Passion is important. It's what sets you apart from those who just go through the motions. The next generations of successful leaders you need to be passionate about doing what is right and what is needed.

So when I ask you, "What are you changing and how are you changing it?" what I'm really saying is that you need to be a leader now and in the future.

Leadership comes in many forms – one is by example. I'm proud of my company and how we are passionate about moving beyond traditional parameters and into the communities where we do business, where our employees and their families live. In this regard our Chairman and CEO, Ralph Shrader, leads by example by setting the tone. Ralph serves on non-profit boards, is active around corporate citizenship issues, and empowers the firm's partners and employees to do the same. As a result we have received accolades and awards that not only help our reputation but also have bottom line implications.

For example, we have just been named 2003 Federal Contractor of the Year. The award recognizes the firm for our commitment over the year to its employees, the government contracting industry, and the U.S. government. As the Federal Government

in the same fashion as the European governments have done, a differentiator is corporate citizenship.

We are proud of the pro-bono work we recently did in India where we looked at how public/private partnerships against the HIV/AIDS epidemic. This work has the potential for enormous social impact. It also provided an opportunity in front of a host of prospective clients.

And as you heard in my introduction, I've had the pleasure of working with The William J. Clinton Presidential Foundation, School of Business, National Association of Minorities in Communication (NAMIC), and the National Black MBA program designed to help individual small businesses in Harlem thrive in a challenging economic environment. If a multi-national corporate conglomerate transform its business practices is pressure, think about the pressure and energy in a community that will benefit enormously from your work. It takes passion and nerve.

My personal philosophy is that you have to lead by example. In my case, leading involves following my passion. That's what it takes to be a successful consultant. But problems don't exist strictly in the business world. They exist in educational sectors as well. And as we've seen and heard throughout this incredible Net Impact conference, these are different. Another.

What are we changing and why are we changing it? Hopefully your involvement with Net Impact and what you've changed your perception of what it takes to be a socially responsible leader. Hopefully you are beginning to understand financial gains, but also by social and a broader economic impact. And hopefully you are learning that leadership is more than financial ROI.

My advice to you is get passionate about the personal and professional benefits of community service. Serve on a university alumni association. Consider a career in civil service (or better yet, come work for Booz Allen in our government). The knowledge you've gained in achieving your MBA while at the same time realizing there is much to learn and gain from community service.

I've learned over the years that building a personal and diverse network of business and related contacts has helped me become a better leader. The word diverse is the key. I seek volunteer leadership opportunities where I can expand my network. I might be able to engage in pro-bono assignments that will provide an opportunity to showcase our talent and capabilities.

In work I've done with nonprofit organizations I found that I get to develop relationships with, and learn from international, community, corporate and government leaders that I might not meet in the normal course of business. But what I've gained is a personal network made up of people with diverse and often conflicting perspectives. It's a network that keeps me coming back to for personal and professional support.

In flipping through the pages of Booz Allen's annual report it struck me how much of what we talked about had to change. We do that through what we call values-based projects. One such example happens to be a project I led at MIT to help a university develop a ten-year program that will post virtually all the material on MIT's 2,000 courses on the Web. This program, called "OpenCourseWare" or OCW, is different from other distance learning programs that generally offer courses for a fee. OCW does not generate revenue for the institution. OCW on the other hand is exciting and innovative because it delivers on the original goal of providing information freely and without cost.

Passion and impact. As we like to say at Booz Allen, it's the power of both.

Hopefully you will leave this conference with a better understanding of what each of you can do at the personal, professional, and societal level. Hopefully you will be more enlightened, socially conscious leaders. You can do that in many ways and in many places as business leaders, as employees, or in your own businesses like Seth Goldman who you heard from this morning.

As you heard Seth is a former Net Impact student member and is founder and CEO (as in "tea" CEO) of Honest Tea in the natural-foods industry. Honest Tea's web site carries a truly wonderful statement about Seth's and his company's mission statement that is elegant in its simplicity. Let me read a couple of points from it:

- We will never claim to be a perfect company, but we will address difficult issues and strive to be honest a
- We will strive to work with our suppliers to promote higher standards.
- We value diversity in the workplace and intend to become a visible presence in the communities where o
- When presented with a purchasing decision between two financially comparable alternatives, we will atte
addresses the needs of economically disadvantaged communities.
- A commitment to social responsibility is central to Honest Tea's identity and purpose.
- The company strives for authenticity, integrity and purity, in our products and in the way we do business.
- In addition to creating a healthy alternative beverage with 1/3 the sugar of most bottled drinks, Honest Te
our employees, suppliers, customers and with the communities in which we do business.

Seth and others like him are role models for all of us. They are changing the way his industry operates and changi
society's interest to do so. And Seth and you can change things. All it takes is passion and commitment.

Each of us can bring about positive social and economic change. And we do it by staying connected to each other
vibrant organizations like Net Impact that are empowering each of us to be socially conscious.

What are we changing and why are we changing it? The answer is we are changing everything. And we are doing

Thank you!

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