Module 8 – Lesson Two: Lesson Plan

An Introduction to Conscious Capitalism

Module 8 Lesson Two discusses Conscious Capitalism as an emerging concept grounded in the theory of Corporate Social Responsibility (CSR). The lesson provides an introduction to Conscious Capitalism, which argues that success in today’s business environmental is correlated highly with ethical, responsible, and inspiring behavior. Many large companies have recently created or installed models to practice Conscious Capitalism as a business strategy. It is important for students to understand this new approach to CSR and determine whether the Conscious Capitalism movement could offer the prospect of integrating greater social responsibility into mainstream business practices. The lesson first defines Conscious Capitalism and presents an evolution of the concept with a focus on values-based economic values where values represent social and environmental concerns at both global and local scales. Then, a case study completes the lesson, which reflects the extent to whichConscious Capitalism can turn into an opportunity for both firms and stakeholders.

Together, Lesson Two draws on core concepts to provide a comprehensive overview of Conscious Capitalism. Through a case study on REI’s recent #OptOutside, the lesson illustrates the progression of CSR into a new framework—Conscious Capitalism—and the practical opportunities faced by firms that help redefine and shape the notion of CSR. Throughout Lesson Two and its accompanying instructional materials, additional readings, suggested audio/visual resources, and stimulating questions will allow instructors to facilitate a lively debate in the classroom.

**Keywords:** CSR, Conscious Capitalism, Stakeholder, Culture, Leadership, Tactile

**Discussion Starter:** It may be a useful exercise to ask students what they think about Whole Foods, Trader Joe’s, Ben & Jerry’s, and Patagonia and identify some similarities across these companies. What makes these enterprises distinctive? Ask students whether they think the cultures of these companies are tangible.

1. **Conscious Capitalism: A Definition**

Conscious Capitalism can be defined as an emerging economic system that builds on the foundations of capitalism—voluntary exchange, entrepreneurship, competition, freedom to trade and the rule of law.

1. **Four Pillars of Conscious Capitalism**

Conscious Capitalism has four pillars guiding a business for conducting socially responsible and ethical practices: Purpose, Stakeholder, Culture, and Leadership. Discuss the acronym of TACTILE, which stands for Trust, Authenticity, Caring, Transparency, Integrity, Learning, and Empowerment. The word “tactile” also suggests that the cultures of these companies are tangible to their stakeholders as well as to outside observers.

**Discussion Question:** Whole Foods has been consistently listed as one of “Fortune magazine’s 100 Best Companies to work for” and was listed in the *The Wall Street Journal* ranking of the world’s best corporate reputations. A hard copy of this list can be distributed to students. Ask students whether they agree with the rankings about Whole Foods. Why or why not?

1. **Conscious Capitalism vs. Corporate Social Responsibility**

Conscious Capitalism differs from the traditional understanding of Corporate Social Responsibility (CSR). The credo of Conscious Capitalism focuses on this philosophical realigning of free-market principles with progressive business practices. Although conscious businesses will be social responsible, the term “conscious business” proposes larger connotations for the businesses’ actions than does social responsibility. Lesson Two presents a table comparing Conscious Capitalism and CSR.

1. **Case Study**

The case study is about REI’s new Black Friday tradition in 2015. The company encouraged people to forgo shopping to spend time outside instead. With the hashtag #OptOutside, REI also asked people to share what they were doing on Black Friday on social media. The company has built a dedicated #OptOutside website with resources on local hiking trails. The case study provides supplementary audio and visual materials to illustrate a Conscious Capitalism practice and facilitate a class discussion.

1. **Conclusion**

Firms that meet and exceed the stakeholder needs and concerns in ways that win them over through a virtuous cycle of positive exchange, will be the firms that define the 21st century. Therefore, firms should reflect the system’s core principles and values. Furthermore, they should meet and exceed the stakeholder needs and concerns in ways that win them over through a virtuous cycle of positive exchange

**Discussion Questions:**

1. What does it mean for an organization to be *ethical*? What is the difference between an *unethical* and an *illegal* act?
2. What does it mean for an organization to be conscious?
3. What is the difference between an ethical company and a conscious company?

**Additional Audio Visual Resources**

* Conscious Capitalism John Mackey Video. <http://www.consciouscapitalism.org/resources/538>
* The Container Store’s Employee Focused Culture Video. <http://www.consciouscapitalism.org/content/container-store%E2%80%99s-employee-focused-culture>

# John Mackey Building Trust in a Company Video http://www.consciouscapitalism.org/content/john-mackey-building-trust-company

* Intersections: Management and Capitalism, “Business as a Moral Endeavor,” September 7, 2014 (10 minutes), [https://www.youtube.com/watch?v=EseNAh9UwjI](https://www.youtube.com/watch?v=EseNAh9UwjI" \t "_blank)
* John Mackey, “What Is the Purpose of Business?” Conscious Capitalism (6 minutes), <http://www.consciouscapitalism.org/content/john-mackey-what-purpose-business/>
* “Wage Gap,” Last Week Tonight with John Oliver, HBO, August 25, 2014 (7 minutes), [https://www.youtube.com/watch?v=PsB1e-1BB4Y](https://www.youtube.com/watch?v=PsB1e-1BB4Y" \t "_blank)
A look at the gender wage gap in the United States today.
* Moth Collective, “The Last Job on Earth: Imagining a Fully Automated World,” The Guardian, February 17, 2016 (3 minutes),
[http://www.theguardian.com/sustainable-business/video/2016/feb/17/last-job-on-earth-automation-robots-unemployment-animation-video](http://www.theguardian.com/sustainable-business/video/2016/feb/17/last-job-on-earth-automation-robots-unemployment-animation-video%22%20%5Ct%20%22_blank)
* Herb Kelleher (cofounder of Southwest Airlines), “The Business of Business Is People,” presentation at HSM’s World of Business Ideas, October 14, 2008 (5 minutes), [http://www.youtube.com/watch?v=oxTFA1kh1m8](http://www.youtube.com/watch?v=oxTFA1kh1m8" \t "_blank)
This video explains Herb Kelleher’s approach to business at Southwest Airlines, highlighting the firm’s employees as Southwest’s most important stakeholder.

**Supplementary Visual Materials for the Case Study**

REI closing on Black Friday for 1st time in push to #OptOutside. (November 17, 2015). *USA Today.* <http://www.usatoday.com/story/money/2015/10/26/rei-closing-on-black-friday-for-first-time-in-its-history/74627872/>

#OptOutside You Tube Video. <http://blog.rei.com/news/optoutside-will-you-go-out-with-us/>