

Speaking Out on Societal Issues: Balancing Divergent Member Calls For Action and Business Needs



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Academic Institutions

Long career at some of the world's most prestigious institutions

- Tuck School of Business
- International University of Japan
- Columbia University
- Harvard Business School
- Erasmus University



Organizations

Multiple boards and awards



Corporations

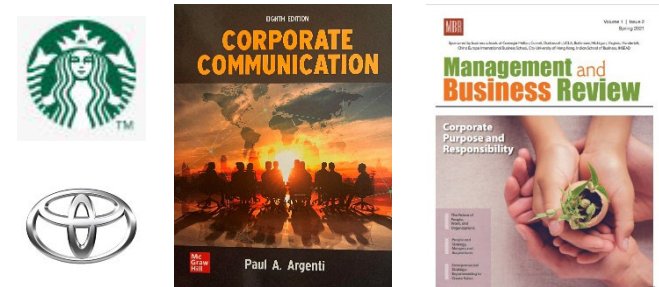
- GE
- Mitsui
- Goldman Sachs
- Novartis
- SABIC



Case Studies, Books & Articles

Researched and wrote over 150 case studies, 15 books, and hundreds of articles

- Starbucks
- Toyota
- Wanda
- Walmart
- MBR
- HBR



Political and social movements have affected companies through employees, customers, investors, and their communities

Key constituencies expect companies to 'speak out' on these issues



What should an organization do?

- When should you speak out?
- How should you prepare and position your response?
- Should your company take the lead in driving the conversation, or is it better to partner with other organizations to have a more meaningful influence on the issue?
- Or, perhaps most interestingly, should you avoid speaking out at all?

According to the Edelman Trust Barometer,
**81% globally believe executives should be personally visible
when discussing public policy with external
stakeholders or work their company has done
to benefit society**

Source: Edelman Trust Barometer 2022

Issues for Physicists

- History of activism in Physics: Szilard Petition, Science for the People
- Is doing science, and Physics in particular, inherently political?
- The rise of “Social Physics”
- Academics under scrutiny in general

Three questions to guide your approach:

1

Does the issue *align with your company's strategy*?

Look to mission, values, vision and strategy to determine whether the issue is relevant to the company and do not act against the strategy.

2

Can you *meaningfully influence* the issue?

This includes having the relevance (i.e. expertise, past exposure to the topic, etc.), resources, and willingness to invest those resources to affect the issue.

3

Will your *constituencies agree* with your speaking out?

Are there constituencies that disagree? Leadership must discuss and carefully weigh the relative importance of those constituencies to the business (e.g. a small customer segment with limited power vs. your largest investor).

Should you speak out? A framework for responses:

# of "Yes"	Does this issue align with your strategy?	Can you meaningfully influence the issue?	Will your constituencies agree with speaking out?
3	Speak out as a leader about the issue		
	Maybe speak out as a follower		
	Conduct research to understand risk/ consider firing stakeholders		NO
2	Find a partner to increase influence	NO	Avoid being perceived as disingenuous
	NO	Consider evolving strategy – you may be overlooking an opportunity	
1	Do not speak out for now continue to monitor		
0	Do not speak out		



Starbucks close stores for anti-bias training



Apple told climate skeptics to get out of stock



Disney pledged \$5M to organizations working to protect LGBTQ+ rights



Coca-Cola partnered with NGO's to conserve water



BP spoke out on Ukraine-Russian conflict and exited



Amazon offered reimbursement for abortions

A deep-dive into the framework

To provide a deep dive on the “Speak Out” framework, let’s review a few recent events based on the following 4 factors:

- 1 **Known/recognizable brands**
- 2 **Rich with documentation and nuance**
- 3 **Recent and noteworthy examples**
- 4 **Large scope and complex scenarios**

3 No's – Starbucks and USA Today “Race Together”



“Speak Out” Framework – 3 NOs

- Aligns with company strategy
- Meaningful influence on issue
- Constituents agree

Situation

- Starbucks launches a Race Together initiative encouraging patrons to proactively engage in conversations about race



Starbucks Response

- Initiative was universally criticized
- Negative reaction from general public and media

3 Yes's – Starbucks Racial Bias Training



“Speak Out” Framework – 3 YES

- ✓ Aligns with company strategy
- ✓ Meaningful influence on issue
- ✓ Constituents agree

Situation

- April 2018 – Philadelphia Starbucks Manager calls emergency services on two black men who were denied access to the bathroom and were arrested for not leaving the store

Starbucks Response

- Starbucks apologized
- Issued a new bathroom policy
- Closed 8,000 stores down for anti-bias training



No constituency agreement? – Reevaluate Partnerships

- “If you want me to do things only for ROI reasons, you should ***get out of this stock.***”
- In so doing, Cook ‘fired’ his stakeholders who did not agree with Apple’s stance on climate change.

Speakout Framework – 2 YES, 1 NO

- Aligns with company strategy
- Meaningful influence on issue
- Stakeholders agree



Cannot meaningfully influence? – Develop partnerships



By partnering with organizations that have more credibility in humanitarian initiatives, Coca-Cola establishes credibility by association and uses their resources to have a bigger impact on a topic that is already part of their strategy

“Speak Out” Framework – 2 YES, 1 NO

- Aligns with company strategy
- Meaningful influence on issue
- Stakeholders agree

3 Yes's – bp and the Russia / Ukraine conflict



“Speak Out” Framework – 3 YES

- ✓ Aligns with company strategy
- ✓ Meaningful influence on issue
- ✓ Stakeholder agree

Situation

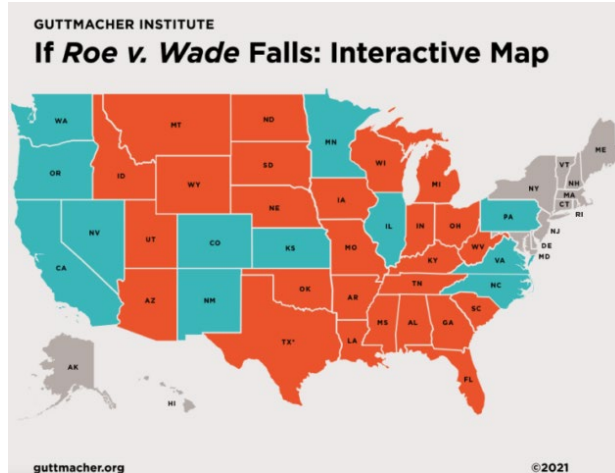
- bp held a 19.75% interest in Russian oil producer Rosneft

Action

- February 27th: (3 days after invasion): Released statement condemning Russian actions in Ukraine
- Announced the country's exit from its Rosneft position. Total pre-tax charge of \$25.5 bn for exiting its Russian holdings (charge in May)

“I have been deeply shocked and saddened by the situation unfolding in Ukraine. We are witnessing an act of aggression which is having tragic consequences across the region...In the hours and days since military action began, we have been fundamentally rethinking our position with Rosneft. ” – Bernard Looney, CEO

U.S. Supreme Court revoked the federal right to an abortion



Situation

- Officially in June 2022, following a leak in May 2022 the United States Supreme Court revoked the federal right to an abortion, leaving it up to states to make the distinction if and when abortion would be legal
- Following protests after the leak a number of companies put out statements on their abortion stance and promised to provide abortion services, and travel support to employees

Your position: CEO of a U.S. company with thousands of employees across states

How would you react for employees in states where abortion rights could fall?

Do you choose to speak out?

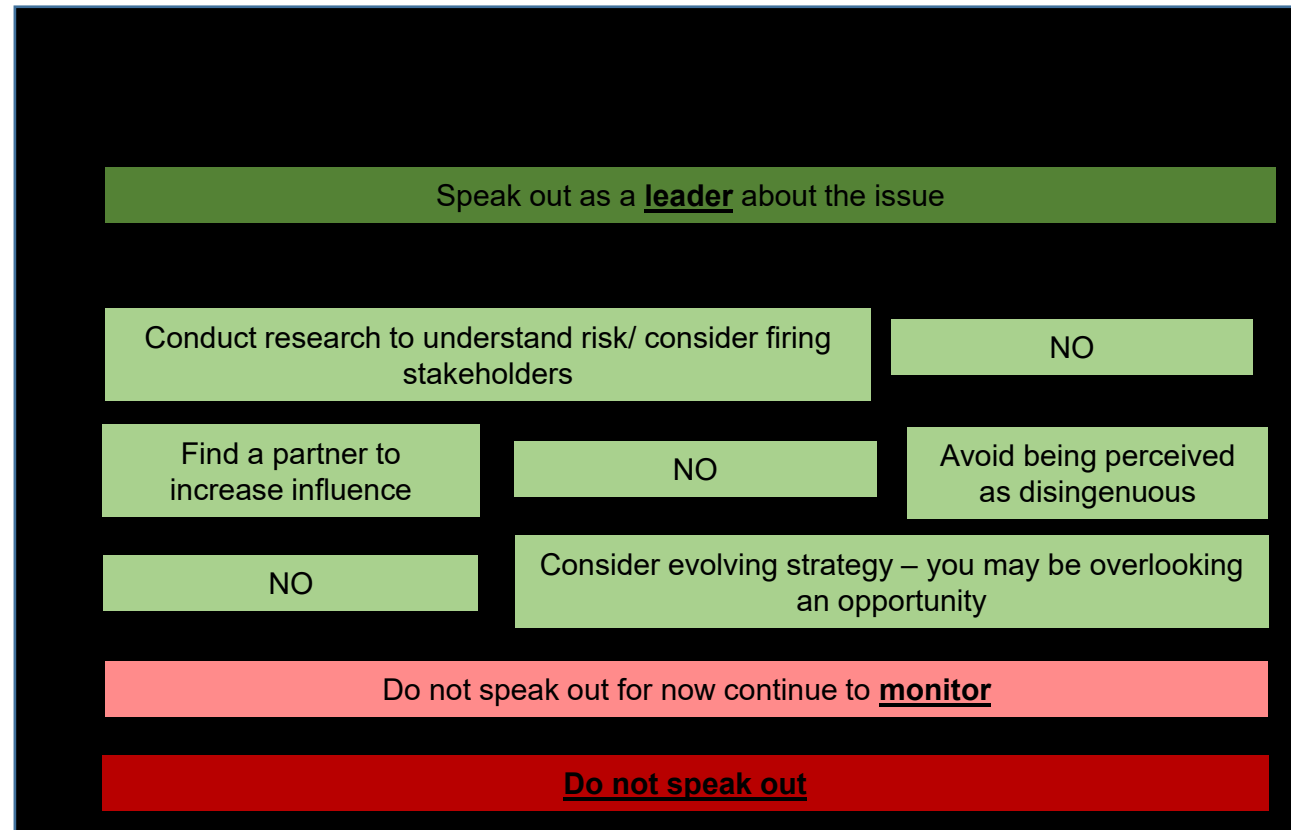
What would the consideration process look like?

How do you determine if this is the right decision?

Applying the Should You Speak Out Framework, how would you react?

Situation

- May 2022- Supreme Court decision is leaked, revoking the federal right to an abortion
- June 2022- Supreme Court decision is made public, confirming the leaked information



2 No and 1 Yes – Amazon and Abortion



“Speak Out” Framework – 2 YES, 1 NO

- Aligns with company strategy
- Meaningful influence on issue (for employees)
- Stakeholder agree

Following the leak of the draft Supreme Court decision on abortion, Amazon, the second-largest U.S. private employer, told its staff on Monday it will pay up to \$4,000 in travel expenses annually for non-life threatening medical treatments including abortions

Israel-Hamas war launched on October 7, 2023



Situation

- Hamas terrorists launched surprise attack on Israel on October 7th and infiltrated country by air, land and sea
- Israel declares war the next day and Israel Defense Forces launch airstrikes on Gaza in retaliation
- Company leaders facing pressure to take a stand: denouncing Hamas attacks and antisemitism vs. decrying Islamophobia and calling for a cease-fire

Your position:

What would you do if...

... You're the CEO of JP Morgan?

... You're the head of marketing at a CPG company (that doesn't do business in Israel)?

... You're the CEO of Pfizer?

How would you react?

Do you choose to speak out?

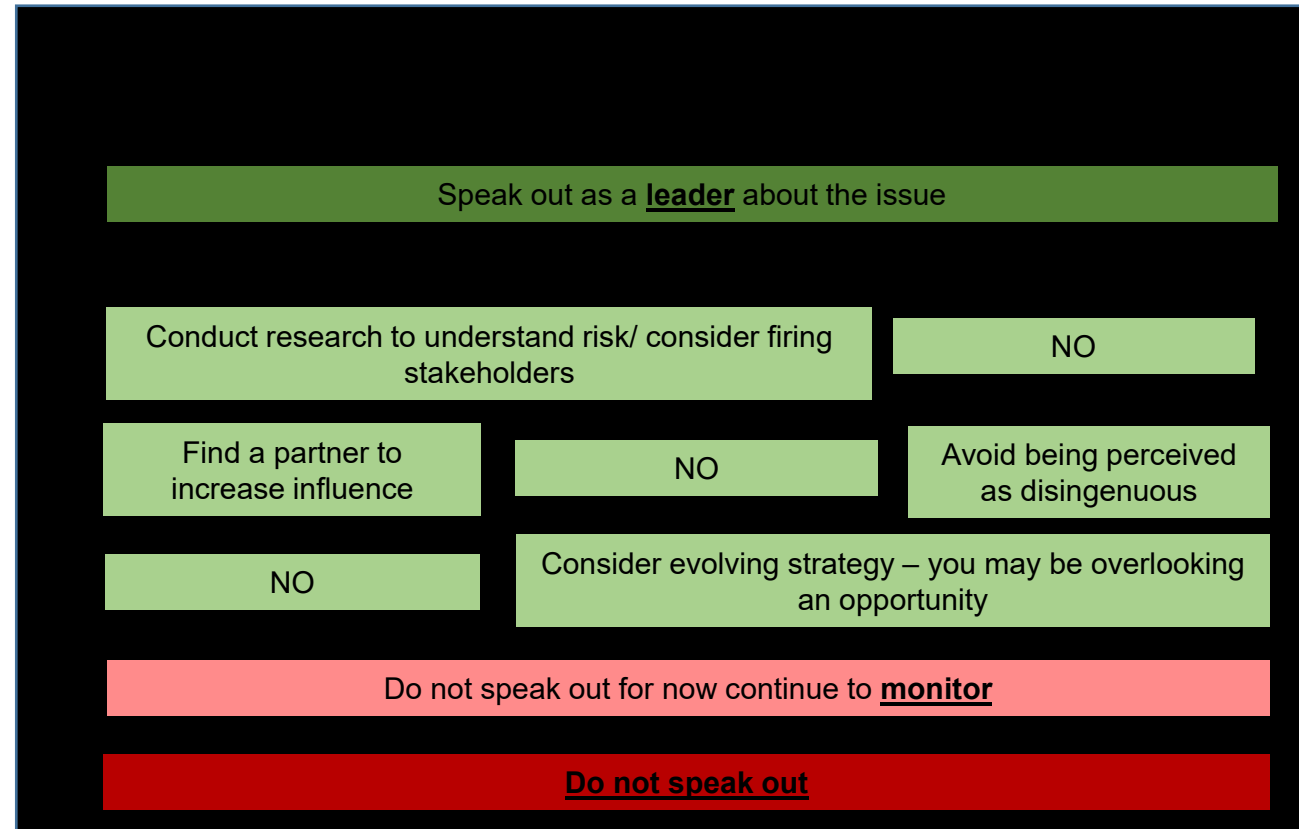
What would the consideration process look like?

How do you determine if this is the right decision?

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Situation

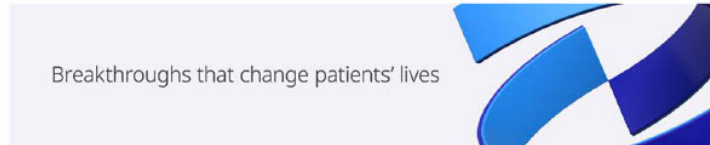
- Pfizer CEO Albert Bourla sent company-wide letter October 11, 2023
- Then posted on X a day later condemning the violence and terrorism
- Declared “we must take action” – announced that The Pfizer Foundation launched donation campaign to support key organizations providing critical emergency assistance to victims



Albert Bourla (CEO) Letter to Company



October 11, 2023



Dear Colleagues,

When I sent [the letter below](#) and [spoke out](#) on Saturday about the terrorist attacks on Israel, I couldn't imagine the full magnitude of the horrors yet to be discovered: civilians of all ages targeted and killed in cold blood, hostages taken and tortured, victims paraded through the streets. The physical and psychological war being waged upon the Israeli people shocks the conscience. It is not enough to condemn these actions as being antithetical to the virtues we hold as individuals and as a company – we must take action.

Today I wanted to share with you some of the ways Pfizer is helping. To support humanitarian and immediate health needs in the region, Give Forward has launched the [Middle East Humanitarian Relief Campaign](#), which will apply a 1:1 match for colleague donations made to several key NGOs that are working to provide critical emergency assistance to those in need. We're also exploring how we as an organization can do even more. The Pfizer Foundation is in active discussions with our partner NGOs on the ground to determine if additional financial support is required. At the same time, Pfizer is working with our global network of longstanding humanitarian and logistics partners who continue to assess the need for medicines and vaccines, and where Pfizer can provide support.

Many of our colleagues were directly and indirectly affected by the terrorist attacks on Israel and are now affected by the war going on in the Middle East. I myself am heartbroken by the atrocities we have witnessed, and over the last few days I have been constantly on the phone with friends and relatives in Israel. But regardless of how near or far we are to this conflict, events like this tear at the fabric of society and impact us all.

Earlier today, I attended the vigil we hosted at our headquarters in New York City. The room was full, and it was so moving to see so many colleagues come out in support of those impacted by this terrible violence – and to pray for peace. In the days ahead, I would ask all Pfizer leaders to check on their teams – and all Pfizer colleagues to check on one another. Colleagues who are struggling – and I know there are many of you – can visit [HealthyPfizer](#) to access mental health and other resources that are available to you. Pfizer offers our colleagues incredible support, and I hope you will take advantage of it at this difficult time.

Please take care of yourselves and your loved ones, and if you need something, don't hesitate to ask.

Albert Bourla

A handwritten signature in black ink that reads 'Albert'.



Albert Bourla (CEO) Posted to X

October 12, 2023



Albert Bourla ✓

@AlbertBourla



As the days have passed, the scope of the atrocities carried out against Israel and its citizens have become clearer and more horrific. It is not enough to condemn terrorism and the intentional targeting of civilians—we ourselves must take action. So to help support emergency and humanitarian health needs in the region, The Pfizer Foundation has launched a donation campaign to support several key organizations that are providing critical emergency assistance in the region, and [@Pfizer](#) will match all colleague donations made through this campaign.

The Pfizer Foundation is also in active discussions with our partner NGOs on the ground to determine if additional financial support is required. We also continue to work with our global network of humanitarian and logistics partners to assess the need for medicines and vaccines, and are ready to provide support where needed.

Personally, I am heartbroken by the atrocities we have witnessed, and over the last few days, I have been on the phone constantly with friends and relatives in Israel. My prayers continue to be with them and with the people of Israel.

Takeaway: Teams should use this 3-question framework to determine when to speak out

1

Does the issue *align with your company's strategy*?

2

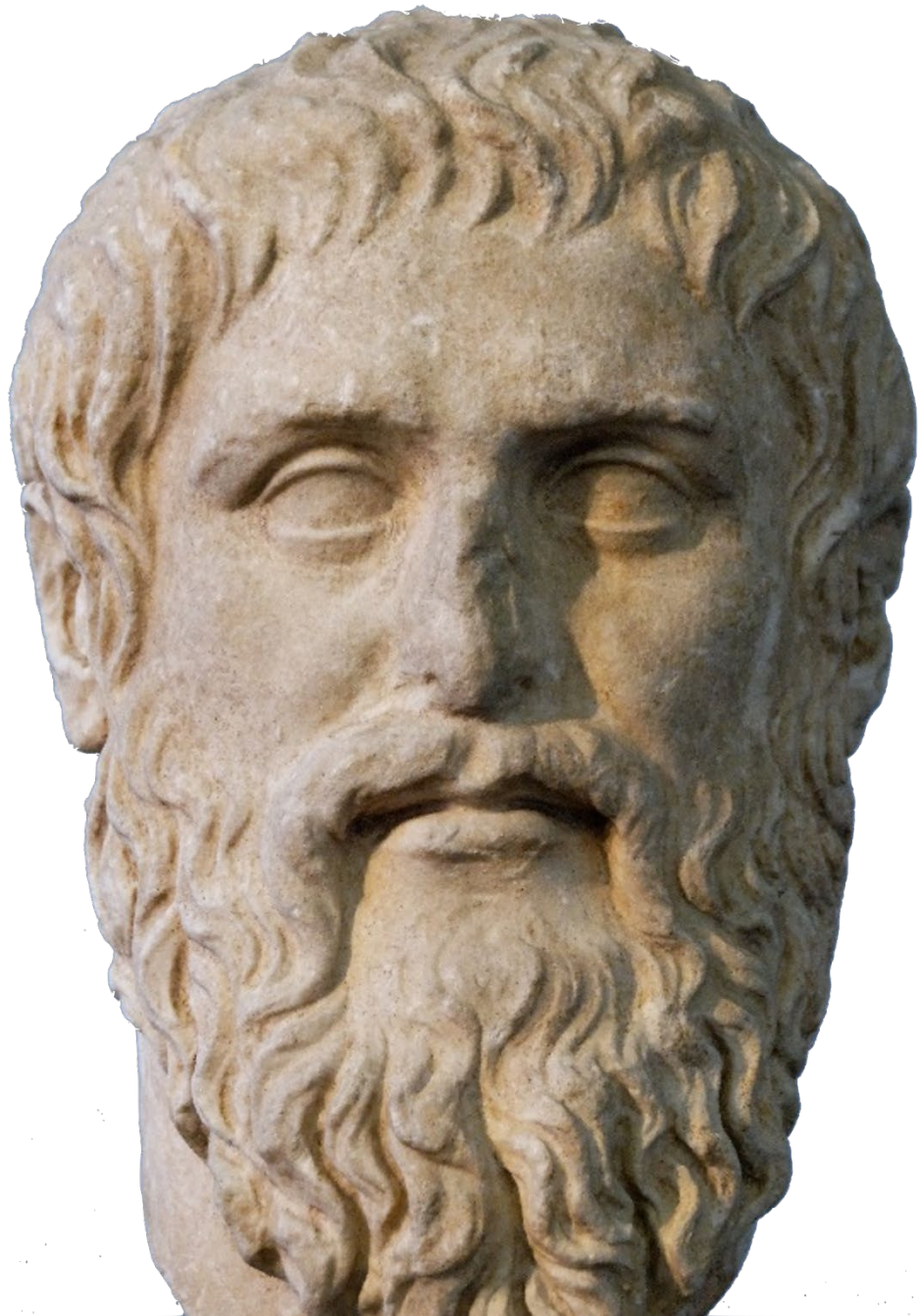
Can you *meaningfully influence* the issue?

3

Will your *constituencies agree* with your speaking out?



- Equips teams with a framework that will help them determine **when** to speak out
- Offers a business case for **how** to speak out
- Enables companies to determine **which issues** are most relevant to their business to make a positive impact on society and the bottom line



“Wise [people] speak because they have something to say; fools because they have to say something.”

- Plato