# CEO ACTIVISM

## How Corporate Leaders Communicate When They Take Sides on Social Issues

**Quantified** Communications

**By Noah Zandan and Sarah Weber**

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# How Corporate Leaders Communicate When They Take Sides on Social Issues

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*Research has shown our corporate leaders can have positive impacts on their companies and their communities by speaking out on social issues, but what is the most impactful way to communicate about these topics?*

As experts in the field of leadership communication, the research team at Quantified Communications was interested in learning how leading executives are communicating their stances on social and political issues. We used our proprietary communication analytics platform and benchmarking database to evaluate dozens of examples of activist messaging from corporate executives to identify the key communication patterns that helped these leaders generate positive public reactions, affect cultural change, and improve their companies' bottom lines. They are as follows:

1. **Focus on the community**
2. **Speak authentically**
3. **Make yourself clear**
4. **Establish trust**
5. **Connect the social issue to the company's bottom line**

In this white paper, we will provide a broad examination of the emerging trend of CEO Activism, then go into detail about each of Quantified Communications' findings on the best practices for executives wishing to take a public stance on a social issue.

# What is CEO Activism?

*"There is a third [political] party emerging in this country, which is the party of CEOs."*

— **Marc Benioff, Salesforce CEO**

When Indiana passed its Religious Freedom Restoration Act (RFRA) in 2015, corporations were quick to speak out. Salesforce cancelled all programs requiring customers or employees to travel to Indiana, and Angie's List halted a $40 million expansion of their Indianapolis headquarters. Apple CEO Tim Cook wrote a scathing op-ed in the Washington Post, decrying the wave of discriminatory legislation that was sweeping the country. The outcry from these CEOs and other influential parties across the U.S. prodded Indiana legislature to enact a second bill providing protections for the LGBT community.

North Carolina's House Bill 2, which requires individuals to use only the restrooms and changing rooms whose gender designation matches the sex listed on their birth certificates, elicited similar outcry from business leaders.

Facebook executives Mark Zuckerberg and Sheryl Sandberg have both taken well-documented stances on social issues, with Zuckerberg's public decision to take two months of paternity leave after the birth of his first child, and Sandberg's advocacy for workplace gender equality.

Researchers Mike Toffel (Harvard Business School) and Aaron Chatterji (Duke's Fuqua School of Business) call the phenomenon "CEO Activism." They attribute the trend in part to the rapid demographic and social change the United States is currently experiencing, noting that similar behavior was common among business leaders during periods such as Prohibition and the Civil Rights Movement. Their study of CEO Activism, which focuses on Tim Cook's response to the Religious Freedom Restoration Act, found that his stance had a substantial effect on public opinion — as it related to their views of the RFRA *and* their willingness to purchase from Apple. In general, when they knew Tim Cook was against the act, fewer people supported it and more people were interested in making a trip to the Apple store.

## Despite Tim Cook's success, CEO activism has its downsides

Not all executive activists have enjoyed the same positive reception Cook has. For example, when Chick-Fil-A President Dan Cathy spoke out against gay marriage in 2012, he earned plenty of support, but even more backlash in the form of boycotts, protests, and movements to close locations on several college campuses across the United States. Ultimately, the company issued a statement saying that, "Going forward, our intent is to leave the policy debate over same-sex marriage to the government and political arena."

# Between the two extremes, should CEOs get involved in social issues?

There has been a recent influx of studies about CEO activism. One survey of 803 US adults found that 78 percent of Americans believe corporations should address social concerns.[1]

In another study, a PR firm surveyed over 1,000 U.S. adults, identifying five components of public perceptions of CEO activism.[2]

Corporations should take action to address important issues facing society

| | | |
|---|---|---|
| 2015 | | 78% |
| 2014 | | 80% |
| 2013 | | 72% |

Source: Business & Politics: Do They Mix? GSG, January 2016

1. **"CEO Activism Has Support but Does Not Always Drive Favorability"**
   38 percent of Americans believe CEOs should leverage their platforms to speak on hot-button issues. However, when those issues aren't tied directly to the company's business and bottom line, Americans tend to feel less favorable about that activism.

2. **"CEO Activism Influences Purchase Intent"**
   This finding may come as no surprise: 40 percent of Americans are more likely to buy from a company when they agree with the CEO's position, while 45 percent say they're less likely to buy if they disagree.

3. **"CEO Activism Tests Company Loyalty"**
   It's not just the customers CEOs need to worry about, but the employees as well. Only 26 percent of Americans would feel more loyal to an activist CEO, which could indicate discomfort with the idea of isolating employees or pitting them against one another.

4. **"Americans are Unsure of the Motivations behind CEO Activism"**
   According to the survey results, the American public is a cynical group, with only 14 percent of respondents crediting altruism as the reason for a CEO to take a stand. The most common belief is that CEO activists are trying to get media attention, and nearly 20 percent of Americans aren't entirely sure why CEOs are speaking up.

5. **"Millennials are More Likely to Give a Thumbs Up to CEO Activism"**
   Finally, in an unsurprising finding, Millennials tend to be aware of — and favor — CEO activism more than the older generations. That said, the 18-to-35-year-olds are just as cynical about underlying motivation as their Gen-X and Boomer counterparts.

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**TO SUMMARIZE:**

**CEO activism is, on the whole, perceived favorably by the American public.**

But proceed with caution. Consider your audience's political and social leanings, and plan your messaging carefully before speaking out.

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[1] Business & Politics: Do They Mix? GSB, January 2016
[2] The Dawn of CEO Activism, Weber Shandwick, June 2016

# For CEOs who want to take a stand, what's the best way to communicate your position?

You're a CEO who's passionate about a social issue, and you want to use your platform as the head of a reputable company to raise awareness and support for your position. You've done your homework — you've taken the temperature of the room and you're confident your audience will be receptive to your message.

**The only question left is, what's the best way to craft that message to ensure it resonates in the right way with the public?**

Quantified Communications' objective, data-driven analysis of dozens of examples of activist messaging identified four key communication patterns common among CEO activists, and one area in which they can become even more effective.

# Our analytics revealed that executive activists:

### 1. Focus on the community

As humans, we are more likely to take action if we feel as though we've got skin in the game. CEO activists are capitalizing on that, using 14.7 percent more inclusive language than the average executive communicator.



**Inclusive Language from CEO Activists**
Percent, scaled 0 – 100

CEO Activist Average: 76.3%
Executive Communication Average: 66.5%
+14.7%
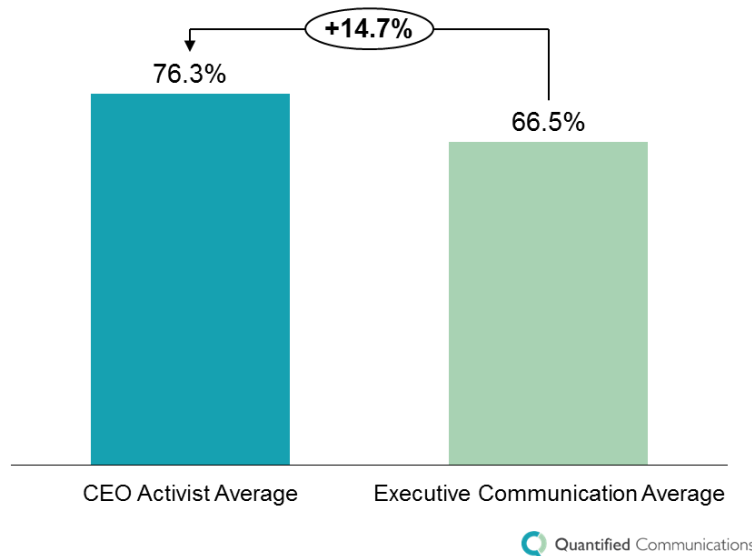
Inclusive language is made up of the plural and second person pronouns that make the audience part of the message, as well as the words that evoke a sense of collaboration, openness, and engagement. This is the language that makes the audience feel like they're a part of the movement, and instills a sense of responsibility to stand with the executive in enacting change.

Nike CEO Mark Parker wrote an open letter to his employees in July 2016, following a spate of violence perpetrated by and against police officers across the country.

> *"We stand against bigotry. We stand for racial justice. We firmly believe the world can improve. […] We cannot solve all these profound, longstanding and systemic issues. However, one thing will always be clear: discrimination in any form and racial injustice are destructive forces. And talking about these issues can help find peace and paths forward. I firmly believe we are at our best when we engage and listen to those around us, in our communities at home and at work."*

In this letter, he uses three times as much "we" language as the average written communication in our database, making it very clear that the problem he is discussing — and the ideologies he's promoting — belong not just to him, but to the community as a whole.

## 2. Speak authentically

When corporate leaders speak or write about social issues, they communicate 31.6 percent more authentically than the average executive.



**Authentic Language from CEO Activists**
Percent, scaled 0 – 100

+31.6%

97.1% — CEO Activist Average
73.8% — Executive Communication Average

Quantified Communications
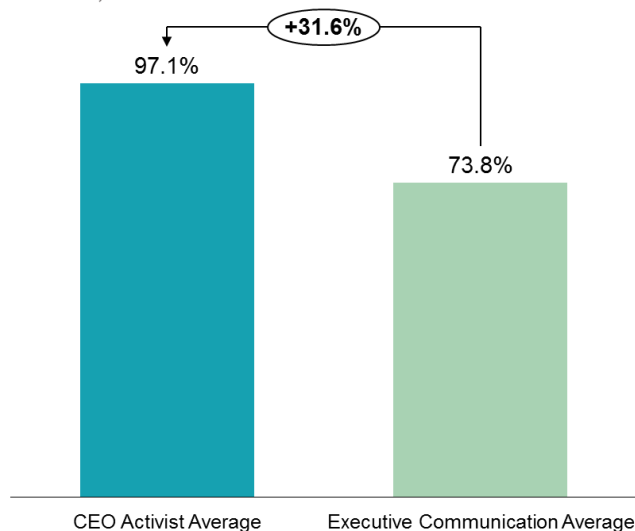
This means that, rather than standing on a soapbox with the "holier-than-thou" tone we might expect from someone discussing moral and social issues, executive activists speak with a more natural tone. For example, when Tim Cook was inducted into the Alabama Academy of Honor in 2014, he used his acceptance speech as an opportunity to discuss his home state's shortcomings in the human rights field.

> *"My parents worked hard so we could have a better life, go to college and become whatever we wanted. They moved to Alabama because they found friends and neighbors that shared their values, and I saw that. I also saw — as many of you did — that it was a time of great struggle across our state and our nation."*

The language Cook uses to address a crowded room is the same kind of language we can imagine him using in a one-on-one conversation — it's more like what you'd expect in a coffee shop than an auditorium. And that genuine tone goes a long way in building a connection with an audience.

### 3. Make themselves clear

While the issues may be incredibly complex, CEO activists are generally skilled at communicating their stance in a way the average audience can easily grasp. These leaders communicate 31 percent more clearly than the average executive communicator.

**Clear Language from CEO Activists**
Percent, scaled 0 – 100



87.1%

+31.0%

66.5%

CEO Activist Average          Executive Communication Average

Quantified Communications
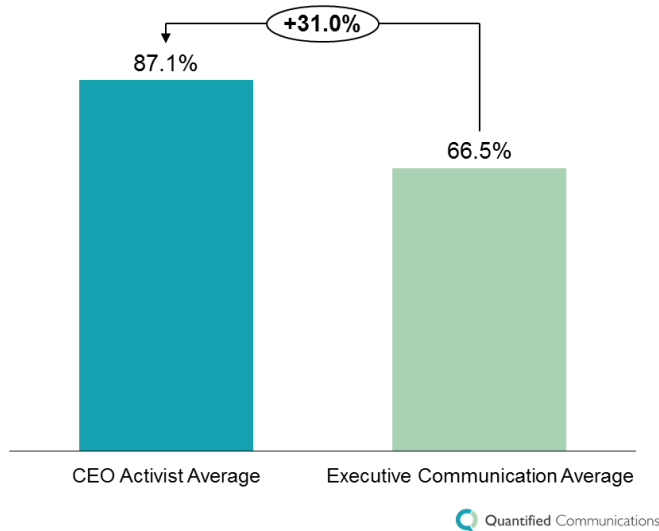
Several factors go into measuring the clarity of a communication, but the simplest way to think about it is in terms of structure: a clear communicator uses simple sentence structures and everyday language to break complex issues into an easy-to-follow path of cause and effect.

In his 2015 article on Medium entitled, "Let's not let fear defeat our values," Google CEO Sundar Pichai describes the experience of moving to the United States from India — the joys of building a life here and the frustrations of the ongoing intolerance of immigration:

*"'My experience is obviously not unique. It's been said a million times that America is the 'land of opportunity' for millions of immigrants, it's not an abstract notion, but a concrete description of what we find here. America provided access to opportunities that simply didn't exist for many of us before we arrived. The open-mindedness, tolerance, and acceptance of new Americans is one of the country's greatest strengths and most defining characteristics. And that is no coincidence—America, after all, was and is a country of immigrants.*

*"That is why it's so disheartening to see the intolerant discourse playing out in the news these days—statements that our country would be a better place without the voices, ideas and the contributions of certain groups of people, based solely on where they come from, or their religion."*

Here, Pichai uses straightforward structure to outline his experience and his frustrations. Not only is this intolerant discourse wrong, he explains, but it is counter to the country's very foundation.

## 4. Establish trust

To inspire followers, leaders have to work hard to gain their audience's trust — to demonstrate they have our best interests in mind. The same is true for activist CEOs and we found that, in these communications, activist leaders come across as 37 percent more trustworthy than the average executive communicator.

**Trustworthy Language from CEO Activists**
Percent, scaled 0 – 100
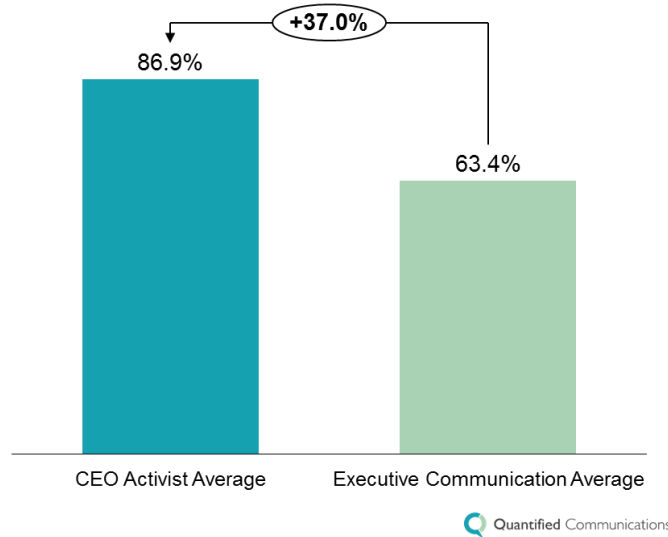


The trustworthiness of a communication is measured on factors like the speaker's ability to provide the audience with a comprehensive understanding of key points, and to take ownership of the message through personalized, active language.

When CEO Jonah Peretti announced BuzzFeed's decision to pull Trump for President ads, his statement was perceived as one and a half times as trustworthy as the average executive communication.

"*The Trump campaign is directly opposed to the freedoms of our employees in the United States and around the world and in some cases, such as his proposed ban on international travel for Muslims, would make it impossible for our employees to do their jobs.*

"*We don't need to and do not expect to agree with the positions or values of all our advertisers. And as you know, there is a wall between our business and editorial operations. This decision to cancel this ad buy will have no influence on our continuing coverage of the campaign.*

"*We certainly don't like to turn away revenue that funds all the important work we do across the company. However, in some cases we must make business exceptions: we don't run cigarette ads because they are hazardous to our health, and we won't accept Trump ads for the exact same reason.*"

Here, Peretti builds trust with his readers by going into detail as to the rationale behind the decision — especially as it relates to the company's operations — and by using personal pronouns to hold himself and his team responsible for the political decision.

## 5. Could draw clearer connections to their business's bottom line

Interestingly enough, however, Peretti's connection of his political views to his BuzzFeed's operations is rare in CEO activist communication. In fact, we found that CEO activists actually discuss business operations and results 56 percent less than the average executive communicator.

**Business-Related Language from CEO Activists**
Percent, scaled 0 – 100

-56.1%

48.6%

21.3%

CEO Activist Average     Executive Communication Average

Quantified Communications
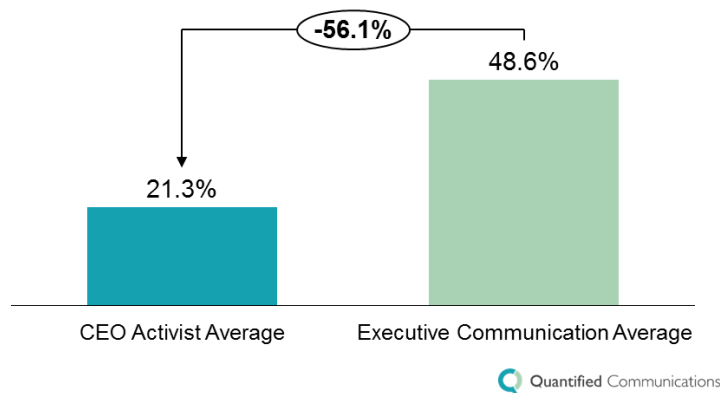
In a June 2016 interview at the NYU Hospitality Conference, Marriott CEO Arne Sorenson discussed the importance, for corporations and their leaders, of making sure the social issues they speak on are relevant to the business.

*"I think the approach we take is we should speak about issues we care about, but we should also speak about issues which are germane to us.*

*"Obviously, we've spoken out on issues like the North Carolina bathroom bill for example and many LGBT issues. It shouldn't surprise you to know that we think that's very germane to our business. We are in the hospitality business and we welcome everybody, whether they be part of our workforce or our guest community and it's really relevant to business. In North Carolina, for example, we think there's a $100 million worth of business which has not been booked into North Carolina because of the bill that has been passed by that state.*

*"That's bad for the business. It's not fair to the people of North Carolina who are hospitable, by and large. We think that's a place where it's appropriate for us to step out. That doesn't necessarily mean that every issue that I have a personal point of view I will speak about publicly, if it's not germane to Marriott's business."*

Considering the finding that executive activism is perceived less favorably without a clear connection to the company's bottom line — and the fact that consumers often don't understand why the executive is speaking out at all — we recommend that, in preparing to speak out on key social and political issues, executives work with their teams to make sure they're clearly communicating the direct or indirect effects those issues have on the business.

# Conclusion

When it comes to using their platforms to speak out on hot-button social issues, corporate leaders must strike a delicate balance. While the public is, in general, in favor of the practice, executives must weigh the risks of alienating large segments of consumers by taking sides on contentious topics.

Once they identify an issue they want to champion, executives must plan strategically to foster productive conversations and inspire audiences to join the cause — for the benefit of both society and the company.

# Want to learn more?

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