

CAMBIAR

Mastering change

Redefining Business Impact

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For some time now, a group of prominent people in the Insights Industry (led by the indomitable Andrew Cannon) have been preaching that the insights profession, to be relevant and to receive the respect and investment that it deserves, must measure and evangelise the actual impact that it has on the business. I am proud to consider myself as a small part of this group.

In another part of the insights forest, a considerable industry has grown up around measuring return on social investment. This is now a \$2 billion dollar business, serving foundations, NGOs and governments around the world. Its basic premise is that social enterprise, motivated by bringing about desirable social change, needs to actively measure the degree to which its investments actually bring about that change.

Now there is a third definition of impact. Put forward by Sir Ronald Cohen, an alumnus ten years before me in my college, in his book *Impact: Reshaping Capitalism to Drive Real Change*, this definition rests on the argument that all businesses of whatever type have an impact outside of the usual measurements of revenue growth and profitability. And, most importantly, that this impact needs to be measured and reported in just the same manner as the financials. For example, ExxonMobile's impact on the environment is estimated to be around \$38 billion annually. But we are not talking just about the environment – other measurable metrics might include impact on local communities (this was brought to the fore most recently when GM closed its factory in Lordstown, Ohio, a town built around the company); a company's social activism; its involvement in and reaction to key issues of the day (think of various firms' response to Black Lives Matter); or its positive impact on society in areas such healthcare, education or social mobility.

Cohen harks back to the changes wrought by the technology revolution, powered as it was by entrepreneurs that did not conform to the 1950s idea that all innovation would be powered by large corporations. You could also argue the same about the industrial revolution in the Victorian era that led to the steam engine and the electric light bulb. He argues that the forces leading the impact revolution are the same type of young people who refuse to be bound by business norms today and who demand transparency and accountability surrounding societal

impact. Interestingly, investors seem to agree. To date, environmental, social and governance investment has reached \$30 trillion and another \$715 million is directly related to impact investment.

All of which raises interesting questions and possibilities for the insights industry. While much of a company's impact on society can be directly measured or estimated (for example, the environmental impact of the fossil fuels industry), other aspects are much less susceptible to quantification. For example, did firms' responses to Black Lives Matter actually shift attitudes to the issue in society as a whole? Is their messaging during the Covid-19 pandemic moving the needle in terms of people's behaviour? Do their supply chain policies affect consumer preference? These are all issues that are more difficult for econometricians or stock analysts to measure.

And that's where we come in. Much of what requires measurement here is a matter of perception. Our industry is replete with excellent brand strength and brand value barometers. But how many of them actually measure societal impact? Not just generically but down to specifics? Where are the measurements of perceptions regarding environmental, educational, social, health or political impact?

If Cohen is right (and the investment numbers seem to back him up), then isn't it time that these brand barometers start to measure these things? Indeed, shouldn't corporations include these as a matter of course in the measurement of their brand equity? Should it not be a key metric in looking at customer experience? Insights professionals, both corporate and suppliers, would do well to incorporate such measurements in their core toolkits.

Because (again), if Cohen is right, then this could well be one of the most important factors in the future in determining brand success or failure.