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Managing Corporate Social Impact Sprawl: How Disparate Purpose-Related Efforts Can Be an Asset, Not a Mess

By Gabriel Kasper, Justin Marcoux, Kerri Folmer, and Dana O'Donovan

Over the course of the COVID-19 pandemic, many businesses stepped up their charitable efforts in the name of public health and well-being without seriously questioning their impact. It was simply the right thing to do in a moment of pressing need. But as we've emerged on the other end of the crisis, companies are once again being pushed to make sense of the different activities they take that generate social and environmental impact take that generate measurable social and environmental impact), and to rationalize the range of efforts that have emerged. And more than ever before, they're finding that they need to learn to manage a phenomenon we've come to term "corporate social impact sprawl."[1]

In a single organization, the sprawl might take the form of employee engagement programs, a "signature" social initiative driven by senior leadership, a corporate foundation giving strategic grants to a selected issue, "good citizen" sponsorships for local nonprofits, sustainability efforts tied to the company's supply chain, and ESG goals integrated into the company's overall business strategy- *all at the same time.* In the face of this growing complexity, the natural reaction for businesses is to simplify and streamline social impact efforts. But this isn't necessarily the right approach for dealing with corporate social impact sprawl. In our experience, attempts to scale back or search for unifying, silver-bullet solutions produce results that end up being both marginal for meeting business needs and marginal for generating social impact.

That's because they miss the real driver behind today's social impact fragmentation: the growing number of pressures from customers, investors, employees, regulators, and communities that require very different types of corporate responses.

Under pressure

The sprawl of corporate social impact, in many ways, is simply a natural consequence of the fact that the pressures driving these efforts are coming from so many different sources.

Historically, corporate social impact has been driven from the inside out: a company and its leaders seeking to give back to their community and leave a legacy that they could be proud of. This "inside-out" philanthropic spirit still compels many corporate social impact efforts today. But now companies are also facing a range of greater external, "outside-in" pressures that shape their social impact work:

- **Strategic pressures**, as companies seek out ways to create value and drive innovation by blending social benefit with corporate goals.
- **Risk-mitigation and regulatory pressures**, as companies wrestle with the public relations and legal consequences of their business practices. In a world where heightened public scrutiny, social media, and corporate watchdogs can turn negative externalities into negative "internalities" quickly and without warning.
- **Investor pressures**, as asset managers increasingly demand that companies receiving investment incorporate social and environmental consequences in their allocation decisions
- **Employee and recruiting pressures**, as staff look for ways to find purpose and give back to their communities, and as corporate responsiveness to these demands becomes a key differentiator in attracting recruits, retaining talent, and forging strong relationships with contractors/gig workers.
- **Customer and consumer pressures**, as buyers increasingly incorporate social responsibility issues into their purchasing decisions and ubiquitous consumer data means that companies can better see and act on these preferences.

All of these pressures are here to stay. Each one has the potential to create high-visibility problems that can sink a business or open up entirely new market opportunities. But each type of pressure typically drives a very different social impact response from within a company. A human resource department might promote skills-based volunteerism programs to help increase employee engagement and satisfaction; branding experts might evaluate cause marketing approaches to attract socially conscious consumers; operations specialists might work to make supply chains more sustainable. Efforts like these all relate to a company's social impact—even if the intent of each is to add value around a distinct business imperative.

But no single social impact solution inside a company can address all of the different pressures at once. Simplifying, consolidating, or cutting back social impact efforts won't make the needs they are responding to disappear. Employee volunteer days may boost morale, but they aren't going to make regulatory pressures to curb carbon emissions go away.

Embracing sprawl

Whether an organization likes it or not, the social impact genie can't be put back into the bottle. Growing pressures from different directions mean that companies need a more complex portfolio of social impact efforts in response.

The inevitable fragmentation that comes from this development doesn't mean you're doing anything wrong. It's natural. The world is changing and, more than ever before in the wake of COVID, companies will need to deliberately make an effort to think differently about the sprawl of social impact activities within their organizations. And we believe that—as we are learning in our own efforts at Deloitte—companies that embrace this shift will find they can create real opportunities and increase their impact over time by truly embracing, rather than fighting, the sprawl.

To learn more about concrete steps you can take to manage social impact sprawl within your organization—and how we've tried to do it at Deloitte—check out our companion article, Making Corporate Social Impact Sprawl Work For You.

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[1] Confusion about a company's social impact strategy can often start in a name—or rather, the lack of a name. Corporate social impact efforts fit under many titles: Corporate Citizenship. Sustainability. Corporate Social Responsibility. Corporate Philanthropy. Cause Marketing. Community Relations. Sometimes even all of the above. At Deloitte, we call it purpose. Each moniker conveys a slightly different meaning, and different strategic importance, within a company. This ambiguity creates real confusion about both who is doing the work and what it entails. For clarity, when we use the term "corporate social impact" here, we mean all of the actions that companies take that generate measurable social and environmental impact, regardless of where these efforts live or what they are called.

Making Corporate Social Impact Sprawl Work for You

By Gabriel Kasper, Justin Marcoux, Kerri Folmer, and Dana O'Donovan

In a recent gathering of purpose and ESG executives at the Fortune Impact Initiative™ Annual Meeting, we facilitated a discussion around the topic of ***corporate impact sprawl***, a concept we covered in detail in our article, Managing Corporate Social Impact Sprawl. This increasingly common phenomenon, which we describe as the fragmentation of social impact-related efforts within an organization that is driven by the many different pressures that companies must respond to—from customers, shareholders, regulators, employees, communities, and others. At the professional services organization Deloitte, we have recognized that given the range of different pressures on the business, the fragmentation of social impact activities is actually natural—perhaps even necessary—to achieve diverse corporate and community-benefit goals.

Corporate social impact sprawl is increasingly a feature of today's commercial realities, not a bug. And once companies see that dynamic and stop trying to fight the sprawl, our experience suggests that the challenge—and the opportunity—then shifts to how to effectively manage the different social impact activities across an organization.

Effectively managing social impact sprawl means that companies need to stop treating social impact as a single thing, and start managing it as a portfolio of activities undertaken by a distributed network of stakeholders throughout the organization. Making this mindset shift will involve leaders beginning to consider six key, interconnected steps:

- **Understand your critical stakeholders, their needs, and how they may affect your business**
  Responding to growing pressures begins with understanding where the demand for social impact is coming from. This requires segmenting the different stakeholders that are most material to your business—executives, investors, partners, employees, customers, regulators, activists, and local communities—and undertaking an analysis to understand the benefits and risks associated with each of their social impact positions. Then an organization can better prioritize the needs of different groups and design social impact initiatives that clearly respond to one or more stakeholders.
- **Map all of your company's existing social impact activities**
  Social impact efforts are typically scattered across the company, and connection points are usually limited and ad hoc. By intentionally mapping activities across the entire organization, organizations can comprehend the full shape and scale of disparate social impact activities and the key business needs that each of these efforts aims to address. This type of detailed landscaping helps identify all the stakeholders involved, what they are trying to achieve, the assets they bring to the table, and how they are connected (or not connected).
- **Get clear about your different social impact goals**
  Engaging in leadership conversations about the overarching ambition of your organization's social impact work allows you to make smarter choices about both what you do, and importantly, what you shouldn't do. And understanding the big picture also helps build clarity about the goals of each of the pieces—how each activity creates impact, which stakeholders it is designed for, and how it fits with the larger strategy. Getting clear about the pieces helps a company understand how different activities and relationships can be supporting very different objectives underneath that larger vision.
- **Begin to actively manage your social impact portfolio**
  As the old quote often attributed to the World Economic Forum explains, "We live in a world where top down doesn't work and bottom up doesn't add up." The most productive way to deal with this is to recognize that social impact activities don't all need to be centralized, but they do need to be rationalized and actively managed as a portfolio in relationship to the company's social purpose and goals—so that it's possible to consider tradeoffs and see the big picture of the impact the company hopes to create. Intentionally managing social impact work as a portfolio enables you to think about how things add up, where you need to build more cohesion, and where activities can remain distinct.
- **Measure what matters**
  Since there is no one measure that can capture the impact of all the different types of social impact activities, each effort will need a set of metrics that allow you to assess progress relative to the pressure the activity is responding to and the business purpose for the work. Measurement will mean assessing both impact on targeted social and environmental issues and evaluating the business value of social impact on the organization's brand, culture, and operations. In many cases, companies will need to marry social metrics with more traditional financial ones like costs, incremental revenue, and risks in order to weigh the relative value and social-return-on-investment.
- **Organize for network impact**
  Traditional organizational structures are likely to come up short in dealing with today's more diverse and distributed body of social impact work. Because social impact activities take place across the organization, companies need to think about how they coordinate a portfolio and orchestrate a network of decentralized activity across the firm. This might look dramatically different depending on the complexity of the work—in some cases simple coordination processes may be enough, but for more robust work, stronger oversight can take the form of Chief Purpose Officers or Chief Social Impact Officers, who treat social impact like a core business function and have the positional authority to align the full portfolio of activities and coordinate the network of efforts across multiple business units.

The Deloitte Experience

Over the last several years, Deloitte has been on an intentional journey in learning to manage our own social impact sprawl. Deloitte has been focused on "making an impact that matters" throughout our 175-year history, but the initiatives to support our social impact efforts were historically all over the map. They ranged from pro bono work managed in silos across our businesses, decentralized local and national nonprofit relationships, a single "Impact Day" focused on volunteerism that mobilized our talent in our communities, the philanthropic giving of the Deloitte Foundation (which operates separately from the organization), and our dedicated strategic social impact strategy consulting practice at the Monitor Institute by Deloitte.

All the pieces were making a difference. But there was also a clear sense that our disparate social impact efforts still weren't adding up.

To address this, we began to take stock of all the different social impact activities within the organization. The process allowed us to get the lay of the land—understanding who and what we were working with when it comes to social impact. That context then made it easier to strengthen relationships across the network of activity, identify common ground, and begin to make choices that allowed us to optimize the portfolio with a clear grasp of the whole.

In 2020, Deloitte established what was then called the US Purpose Office, and at the same time we redoubled our longstanding diversity, equity, and inclusion efforts. We have since integrated these efforts under one US Purpose and DEI Office to amplify our collective impact. The move was not meant to centralize all of the pieces; it was aimed at allowing us to better coordinate our organization's commitments and actions for delivering our purpose in response to the disparate aspirations and pressures that were emerging from different parts of the organization.

We began to realize that we could both take the pressure off treating any one activity as if it was our sole, crowning social impact contribution to the world, and find ways to increase our impact by consolidating and more deliberately managing our efforts. For instance, we realized that our Impact Day fit differently into our broader social impact strategy once we recognized that it is not only about societal impact and outcomes; it also plays an important role in our talent and community engagement efforts.

At the same time, we also saw that we had an opportunity to maximize the impact of some of our ongoing volunteer activities, pro bono work, and nonprofit relationships by establishing more focused goals for these efforts and investments. This led us to rationalize our ongoing social impact efforts and focus them around a central goal: to invest $1.5 billion over ten years in equity initiatives to help support individuals and communities facing the greatest barriers to social and economic prosperity. We announced this social impact investment commitment in September 2022, and in the year since we have actively shifted the focus of many of our social impact efforts and any new investments to support this goal. Now we are more actively managing our portfolio to support this commitment, and are developing the tools to measure the increased impact that we are able to make on society through our new approach.

It's still a work in progress, but we've found that once we began to accept sprawl as natural and healthy, we could stop fighting it and begin to intentionally manage the network and portfolio of activity. And we believe that over time, this shift will allow us—and others on a similar path—to rationalize and coordinate our purpose related activities, while also leaving a healthy amount of space for social impact sprawl to flourish.

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About the Articles

This two-part commentary series was originally featured in FORTUNE. To access the published articles, please refer to the following links provided below.

- Managing corporate social impact sprawl: How disparate purpose-related efforts can be assets, not a mess (September 12, 2023)
- Making corporate social impact sprawl work for you (October 4, 2023)

If you're interested in learning more about the Purpose and DEI Office's Social Impact work, including the Monitor Institute by Deloitte, please visit About our purpose at Deloitte.com, and the Monitor Institute by Deloitte site!