

## The Innovation *r*Evolution

By: Melissa Waggener Zorkin, CEO, Waggener Edstrom Worldwide

With Waggener Edstrom Worldwide turning 25 last year, I and other leaders at WE have spent some time reflecting on what a fascinating role innovation has played over the last quarter century ... and what a remarkably rapid evolution it has undergone. We called out innovation as a key factor to success in our first business plan, and it's rewarding to see that it was the right bet to place. And today we're excited to witness innovation evolving once again to help solve some of society's big problems.

The evolution of innovation reflects, in part, how the world is changing. Society is rightfully expecting and demanding more of its corporate citizens — and in turn companies must conduct business in ways that are not only profitable, but sustainable and beneficial on a broader scale. That may seem like a daunting proposition, but the reality is that companies that have embraced innovation and a sustainable, responsible mindset are seeing increased opportunities and long-term profitability. This confluence of good business and “doing good” is something we call **Social Innovation (SI)**. But before I go any further, I want to make it clear that social innovation isn't about talking, it is about doing.

Waggener Edstrom's commitment to SI is being brought to life across all of our operations as we build out our capabilities and expertise in the areas of corporate responsibility and sustainability, and expand our understanding of how business, government and the nonprofit sector are addressing social issues. We are also scrutinizing our carbon footprint, working to reduce our environmental impact, with the goal of being carbon neutral by 2011. Moreover, we are devoting 1% of our annual pre-tax revenue to charitable giving, pro-bono services and community engagement activities — representing almost \$1.2 million in donations and services provided by WE in 2008.

Was doing all of that easy? No. That's especially true in light of today's economic climate. However, it is a commitment we have made with eyes open — and it is one that all of our industry should be undertaking so we can ensure that collectively our impact is profound and far-reaching.

Now it could be easy to dismiss these types of commitments simply as a write-off or shorthand for standard corporate citizenship, but the focus of social innovation is, first and foremost, about solid, measurable business results. As I see it, social innovation is critical to the growth of our industry and our businesses. And in providing counsel to clients on their commitments and how social issues tie to their business strategy, we must be able to demonstrate the same commitment and understanding in our own operations and business activities.

The question for us as an industry is: *What role do we play in this new paradigm — how do we help drive social innovation and how do we live it ourselves?*

### Embracing the Innovation *r*Evolution

As a company, we understand the expectations and demands that are heaped on businesses every day. But I firmly believe that when faced with challenges, you have two choices: focus or fold. This is precisely why social innovation is such a powerful philosophy — because, as a company that has been

engaged in the innovation space for the entirety of its existence, WE recognizes that the next stage of business evolution is in the realm of social innovation.

In fact many business leaders are working to evolve beyond the current mold to create sustainable strategies that both drive profit for their companies and provide benefit to society. Michael Kempner, CEO and president of MWW Group, has been doing great work really pushing for more sustainable thinking. Cisco Systems' CEO, John Chambers, has called out the vital role of innovation in addressing social needs. Microsoft's Craig Mundie is helping lead his company's investments in SI and sustainability. And even Rupert Murdoch, News Corp. founder and CEO, who had often railed against all things "green," has recently done a 180, committing to make News Corp. carbon neutral by 2010. There are many others, but I think the point is clear.

When it comes to adopting and making SI work, innovation itself can actually be a useful example. For instance, consider mobile phones. Many people take for granted the power and ingenuity of these devices, but if you think about it you can see how innovations to mobile technology and devices are not only solving business problems, but social ones as well.

I remember my first mobile phone, a big heavy bag. But back then, bag and all, it gave me and many others the ability to make calls without a land line, a wonderful convenience to be sure, but not an innovation that solved too many big social issues.

Through the years, though, the compounding effect of innovation has led to phones equipped with additions such as clocks, voicemail, cameras, and even Internet access and e-mail.

The result is that today, for many of us, our mobile phones are our first and sometimes only line of contact, connecting us to our work, families and friends in ways that, when those first bulky mobile phones were introduced, would have seemed more science fiction than daily reality. But the reality is they are now also tools of profound social, global importance.

I've seen their importance firsthand, when, on a recent trip to Ghana I had an opportunity to meet with the head of a local orphanage, who had not one, but three mobile phones — his (and the orphanage's) connection to the world ... a digital lifeline.

The story from Ghana isn't unique; in many of the world's emerging markets mobile phones are often the preferred tool for individuals and families. Mobile phones are not only offering a means to communicate but to engage in commerce through mobile banking and access to microfinancing opportunities and vital data that is helping to support small-business growth and other economic development. And that, in turn, is opening up opportunities for other businesses from around the world to engage with this new customer base and is leading to an overall improvement in the general quality of life for many people in developing nations.

Social innovation is the critical missing link between what we all *should* be doing and what we need to be successful.

As an industry, PR has long been dedicated to shifting perceptions, but with SI we can actually work to *shift reality* — in a positive way. That, when it comes down to it, is the promise that social innovation holds: *real, tangible business value paired with positive societal impact.*

When I think about how many great innovations exist today, and on the horizon, I can't imagine not wanting to be a part of it all. But making sure that those innovations are as well-received and as impactful as they can be is going to require leadership and involvement from across our entire industry.

### **Social Innovation = Good Business**

The ideas behind social innovation have been finding their way into leading businesses' practices. We see it with our clients every day, from corporations such as Microsoft, NatureWorks, Chevron and (RED)<sup>™</sup> to organizations such as NetHope and Mercy Corps. Our clients know that there isn't just a moral imperative to be responsible corporate citizens, there is real business success to be derived from innovation that delivers social value.

For instance, (RED)<sup>™</sup> was created in 2006 to harness both business power and consumer power in the fight against AIDS in Africa. The goal is simple — to raise awareness and money for the Global Fund by teaming up with the world's biggest brands to produce (PRODUCT) RED<sup>™</sup>-branded products. A portion of the profits from each (PRODUCT) RED<sup>™</sup> item sold goes to the Global Fund to invest in African AIDS programs. The concept is designed to create a sustainable source of funding from the private sector into the Global Fund. Since 2006, (RED)<sup>™</sup> has generated more than \$120 million for the Global Fund to invest in AIDS programs in Africa.

What (RED)<sup>™</sup> is doing — along with many others — illustrates at the 30,000-foot level the value of SI. But as an industry, if we expect to be able to genuinely provide guidance to clients and continue to be influential in the various markets we touch, then on top of recognizing the obvious potential presented by social innovation, we have to make it a part of our own corporate identities too.

When it comes down to it, WE has embraced SI because it's the responsible choice for us as a company — and it's just good business.

I have to caution that making the move toward social innovation isn't easy; it will take long-term commitments in the form of resources and people and, in some cases, a rethinking of some of the basic premises that companies have operated by. But the imperative is clear: We, as an industry, have an obvious opening to make real strides in the years ahead — benefiting ourselves, our clients and society.

Operating in a more sustainable, more conscientious, and ultimately more rewarding and profitable way is clearly what's going to be required of every successful business in the 21<sup>st</sup> century. The question you need to ask is: *How are you going to lead the way to help SI shift realities and drive a new rEvolution in our industry?*