

If you can't answer these 3 questions about your social impact, you're purpose-washing

Published on February 24, 2019



Piotr Drozd | [+ Follow](#)

Helping scale purpose-driven companies 🚀
[2 articles](#)

Is it just me or does almost every tech startup seem to be in the business of making the world a better place nowadays? A potential shift in attitudes about the role of business in society by techies would be, of course, most welcome and deserve every support. The evidence, however, is pointing in a different, less rosy direction. With Facebook being [labelled](#) "digital gangsters" by UK lawmakers, Uber [normalizing](#) toxic techbro culture and Google [developing](#) a prototype of a censored search engine in China (the project was dropped after an internal fight with employees), there are signs that the public is growing tired of tech's braggadocio and stopped giving the industry the benefit of the doubt, and rightly so.

Impact as a PR stunt?

As the world became less interested in hearing positive stories about Silicon Valley, the sector fought back by expending a lot of effort to make things look fresh and disruptive again. Enter the era of "purpose-washing". Taking advantage of the inherent difficulty of measuring social impact, tech companies started hijacking terms such as "positive impact" and "social good" and slapping them on their websites in a rather cunning manner. Don't take my word for it, though – try [searching](#) for jobs in tech that contain the exact phrase "social impact" on LinkedIn and you'll get a whopping 10,000+ results.

I have no doubt that virtue signalling will only get turbo-charged as millennials, nearly half of whom [believe](#) business should be primarily about improving society, fully enter the workforce. And with hiring good employees being the [top concern](#) for the majority of founders, companies are well aware of the importance of being in step with the zeitgeist of the new generation. It is in this context that the need to come up with ways to separate signal from noise is becoming increasingly important. Since a simple, universal and widely accepted set of standards to measure social performance is unlikely to arise anytime soon, I'd like to propose a heuristic to

make sense of the real intentions behind all the buzzwords. It boils down to asking 3 simple questions:

#1. Do you have a theory of change you can clearly articulate?

And, no, I don't mean a full-blown theory with all the bells and whistles, but some degree of evidence that your team devoted time and energy to exploring the ideas about how the change you seek actually happens. To bastardize the oft used adage in business that you can't manage what you can't measure, I dare to suggest that you can't claim what you can't logically articulate. Bonus points if you distinguish outputs from outcome and/or recognize the unintended consequences of your business decisions. One of my favorite tech for good startups, [Ecosia](#), does a great job on that front in covering the [why](#) and the [how](#) behind their tree planting efforts.

#2. Does your impact scale proportionally to your business?

That's probably the most telling bit and something experienced impact investors look out for when evaluating investment opportunities. In startups that truly give profit and purpose equal treatment social impact is at the very core of the business model, not just something that happens along the way. Now don't get me wrong, I think volunteering with your team, sponsoring hackathons and other one-off initiatives are a great start, but more often than not they are the brainchild of PR consultants rather than the founders. [Beam](#), a crowdfunding platform for homeless people, and [Too Good To Go](#), an app to fight food waste, are just some of the many outstanding examples of companies with business models designed to create positive impact. And I'm pretty sure these folks do their fair share of volunteering. 😊

#3. Do you set any impact goals and how are they reflected in your KPIs?

While the other questions test the robustness of do-good claims, this one is all about putting your money where your mouth is. If your team doesn't keep track of any impact-related objectives, one can safely assume that this "Come change the world with us!" headline on your careers page is just another case of purpose-washing. Tech giants ranging from [Airbnb](#), through [Lime](#), to [Salesforce](#) love publishing slick impact reports – which go like hotcakes on press release distribution networks – only to be left puzzled when asked how do the infographics from such documents translate into day-to-day practice. And setting impact or mission-level goals does not have to be difficult, even for more traditional tech businesses. [Homerun](#), a recruitment platform for the creative industries, measures progress towards their mission by looking at reductions in time-to-hire of their customers compared to national averages. Simple.

Techies are no longer the "good guys"

While certainly not bulletproof, I hope that asking the above questions can help you objectively evaluate the impact claims of some of the offenders in the tech industry and beyond. It definitely proved useful for me personally. Of the many entrepreneurs I've had the privilege of working with, only a handful or two had some solid answers and/or expressed genuine interest in

improving their impact bottom lines. The more I think about it, the more I'm convinced that these are the sort of people we desperately need to reinvent the sector and restore public trust in tech. Otherwise, it's the exact same story of too much arrogance, bad behavior and myopia, and society just loves to bring these things down...

--

P.S. If you answered to all 3 questions with a resounding "yes!" then you should consider becoming a certified [B Corporation](#), a global community of nearly 3,000 companies that meet the highest standards of verified social and environmental performance. If you answered "no" and would like to do something about it, B Lab's free [Impact Assessment](#) tool provides 40+ best practice guides and case studies to help you chart out a roadmap of improvements. Good luck!