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JOURNAL REPORTS: LEADERSHIP

# The Right and Wrong Way to Do 'CEO Activism'

Two researchers offer advice for corporate leaders who want to take stands on controversial issues



CEO activism on social and political issues can garner goodwill—and create a backlash. PHOTO: JON KRAUSE

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Some chief executive officers are starting to sound a lot like activists.

Over the past three years, there has been a rise in CEOs who speak out on controversial social and political issues such as race relations, LGBTQ rights, immigration, and even President Trump himself. Their motives for doing so vary, from seeking to sway public opinion and politicians, to conveying their own values to current and future employees, to signaling to customers what values the brand stands for.

While such “CEO activism” has paid off in some cases, it also is risky, as CEOs and their companies can face backlash from consumers who disagree with their point of view. Indeed, such activism has sparked online petitions, boycotts, viral social media posts and has even led to a CEO’s removal.

With the stakes so high, CEO activism needs to be carefully considered and thoughtfully executed. Based on interviews with CEO activists and our research on this topic, we offer a few

tips for leaders considering when—and how—to take stands on controversial topics.

### When should you speak out?

*1. When the nudge comes from your employees.* If you are an outspoken CEO motivated to support your employees, keep the lines of communication open to track which issues are on their minds. But also consider that taking a stand might undermine support from employees who disagree with your position, and that can undermine organizational culture. Before you speak out, look inward and determine the extent to which your employees are behind you.

*2. When your corporate or personal values—and your corporate practices—align with the issue at hand.* Take time to reflect on your organization's and your personal values, and focus your remarks on hot-button issues that speak to those values. Having a strong values-based connection to the underlying issue ensures your statements won't be viewed as a cheap publicity stunt. Moreover, speaking out calls attention to a CEO activist's own company, and critics will point out if your company has the same problems you are railing against—say, racial and gender inequality—so be sure to practice what you preach. A misalignment between a CEO's position and company practices can undermine the message and sully the company's brand reputation.

*3. When the issue is “live.”* It is tempting to wait it out during passionate debates until what seems like a safer time to speak. But today's audiences don't equate silence with neutrality. They instead view it as an endorsement of the status quo. If you are going to speak out, do so when the issue is at the top of your audience's mind, when speaking out with moral clarity can actually make a difference. After all, no one remembers the 43rd company to sign a letter or the 15th CEO to speak out on a controversial topic. If you want to take a stand on an important issue, you should be willing to be first and to weather the potential backlash.

### How to speak out effectively

*1. Set up a rapid response team.* You need to “war game” various scenarios under which you might be asked to speak out on a controversial topic. CEOs often lament that they are increasingly expected to opine on complex political and social issues in real time, at public conferences or on Twitter . The antidote is to plan for the unexpected. Assemble a team of employees, board members and even outside experts to map out how you will—or won't—respond to the next big political firestorm.

*2. Anticipate backlash.* CEOs and their companies shouldn't be blindsided when customers or employees strongly disagree with their stands. Make sure you establish key performance indicators ahead of time to track how your activism is influencing your intended outcomes—or creating unintended ones. Sometimes backlash takes the form of a boycott, which in turn can spur your most loyal customers to call for a retaliatory “buycott,” where they buy more of your

product to support the brand. Employee protests and walkouts are another risk to anticipate and to which a response should be planned. Figuring out whether opponents or proponents will have a bigger impact on the issue at hand—and on your company's reputation—is typically more art than science today. More detailed data on customers' and employees' beliefs and values would be needed to better predict responses to CEO activism.

*3. Work with your communicators.* Many CEOs don't give their corporate-communications professionals a seat at the table when they are making important business decisions. This is a critical oversight in a world of CEO activism. When it comes to speaking out on controversial topics, you should loop in the company's communications team to let them know which issues are most important to you and why. They, in turn, should support you by providing you with informative data on the topics you want to weigh in on and by helping to guide your strategy of when and how to speak out.

The politicization of business has reverberated into the C-suite. Leading companies have recently made significant business decisions, such as canceling multimillion-dollar contracts with government agencies, because of pressure from their employees. With these six tips in mind, business leaders can decide whether and how to weigh in on the issues that matter most.

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