

Karma Capitalism

Going beyond the basics

Corporate responsibility. Community relations. Philanthropy. These terms are used across the business sector to describe partnerships between businesses and charities.

In 1983, American Express spearheaded a revolutionary marketing campaign in partnership with restoration efforts for the Statue of Liberty. For three months, American Express donated one cent from every cardholder transaction and one dollar for each new card member signed up to the effort.

The campaign resulted in \$1.7 million dollars for the restoration, a 28 percent increase in card usage, and a 45 percent increase in new card applications. A new marketing tactic was born: cause-related marketing.

Cause-related marketing is touted as an effective, cost-efficient way to build customer loyalty, increase sales and visibility, enhance company image and gain positive media exposure, all proven and valid results. But the view on cause-related marketing can also be narrow, and may not include the full system within a company's operations or overall corporate responsibility.

And let's be honest here: Corporate responsibility should never distract from the fundamental economic role of businesses. A business' role is to make useful, quality products or deliver services that fulfill a consumer need, and these goods and services should create added value from both a consumer and economic perspective for the company to be successful.

I first saw the term karma capitalism in a *BusinessWeek* article in 2006 that discussed Indian strategists using the "Bhagavad Gita" to educate and transform Western businesses. But karma is a simple enough principle that you don't need to delve into ancient philosophical or religious texts to put it to work.

Capitalism is an economic system in which investment in and ownership of the means of production, distribution and exchange of wealth is made and maintained chiefly by private individuals or corporations.

Karma is an action in which all deeds actively create past, present and future experiences, thus making one responsible for one's own life, and the pain and joy it brings to oneself and others.

So karma capitalism would be an economic system in which the action of choosing to do good

in both one's individual position, the company and the world may result in the creation of wealth for oneself, the company and the world.

Case Study: HomeAid Colorado is a nonprofit organization that works with the homebuilding industry to build transitional housing for the temporarily homeless. Creative Touch Interiors is one of the nation's largest premium interiors partners to the building industry with 80 design centers in 17 states.

In 2000, Creative Touch Interiors participated in its first HomeAid Colorado project, donating 100 percent of the materials and labor for the interior finish of a boys' home. CTI has since participated in eight of 12 completed projects. In addition, CTI has sponsored the annual HomeAid fashion show fundraiser since 2005 and, in 2008, was presenting sponsor of the event for the first time.

In an economic downturn where others are shrinking from charitable giving as an integral part of business, Creative Touch Interiors strategically attached itself to a cause that matches its skills and passions, and in doing so, meaningfully placed itself in front of and even above the very companies who give CTI business. CTI increased its giving this year, and is strategically acquiring failing businesses, promoting employees and expanding services.

Creative Touch Interiors has not lost sight of its purpose as a business: offering turnkey supply and installation of multiple interior finish options for residential and commercial construction, along with comprehensive design center and interior care services.

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What CTI has done is transform its Colorado office to a place where karma meets capitalism to produce economic value. Creative Touch Interiors is only one example of how a holistic approach that integrates doing good into the overall company system can result in increased exposure and revenue.

It's more than just a marketing campaign. It's a good way to do business. 



Sarah Wolfgram is development director for HomeAid Colorado, a statewide nonprofit organization that builds housing for the homeless.