Getting Started with Responsible Innovation: A Brief but Actionable Primer for Founders
# Table of Contents

<table>
<thead>
<tr>
<th></th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Intro + Why should you care</td>
<td>3</td>
</tr>
<tr>
<td>02</td>
<td>TL; DR</td>
<td>4</td>
</tr>
<tr>
<td>03</td>
<td>Business Case for Responsible Innovation</td>
<td>5</td>
</tr>
<tr>
<td>04</td>
<td>Tech Talent Cares</td>
<td>6</td>
</tr>
<tr>
<td>05</td>
<td>Bad Excuses</td>
<td>7</td>
</tr>
<tr>
<td>06</td>
<td>The Ethical Iceberg</td>
<td>8</td>
</tr>
<tr>
<td>07</td>
<td>Seven Actions You Can Take</td>
<td>9-16</td>
</tr>
<tr>
<td>08</td>
<td>Actions by Stage</td>
<td>17</td>
</tr>
<tr>
<td>09</td>
<td>Case Study One</td>
<td>18-19</td>
</tr>
<tr>
<td></td>
<td>Why Aclima Converted to a Public Benefit Corporation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>When Raising a $40M Series B</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Case Study Two</td>
<td>20-21</td>
</tr>
<tr>
<td></td>
<td>How Venture-Backed Civic Eagle Created a &quot;Values-Committee&quot; to Align</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Growth and Mission</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Case Study Three</td>
<td>22-23</td>
</tr>
<tr>
<td></td>
<td>4 Insights from HRTech Company Arena’s Creation of an Ethics Advisory</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Internal Provocations</td>
<td>24</td>
</tr>
<tr>
<td>13</td>
<td>Testimonials</td>
<td>25</td>
</tr>
<tr>
<td>14</td>
<td>Additional Resources</td>
<td>26</td>
</tr>
<tr>
<td>15</td>
<td>Footnotes</td>
<td>27</td>
</tr>
</tbody>
</table>
The tech companies that succeed in building business models and cultures that are aligned with societal good will endure and return more to shareholders over the long-term. Technology is also routinely co-opted and abused in ways its creators never envisioned, and this has induced unforeseen threats to privacy, civil rights, and political stability. As a result, tech companies are facing growing pressure to innovate responsibly.

Founders and C-Suite executives must prepare for a new operational reality that includes an increasingly discerning workforce, new waves of worker organizing, aggressive regulation, and shifting consumer preferences. Failing to proactively account for these issues constitutes real business risk.

Thinking purposefully about how to create and deploy tech responsibly is no longer merely a feel-good initiative — it is a business imperative. Here we share 7 Actions to help you innovate responsibly — so that you can build a truly world-positive business that will last for the long term.

* Caveat — this is by no means a comprehensive guide to Responsible Innovation! It is a growing and dynamic field, and this is just intended to get you started in a practical way. We include more resources at the end if you’d like to continue your learning.
Responsible Innovation isn’t a cost center.
Over the medium and long term, it will help you build a more resilient, sustainable business, attract the best talent, and prevent disasters that can cost you time and legacy.

Responsible Innovation is not a one-time act.
It is a lens you should apply to everything from fundraising, to hiring, to business model, to product. That said, there are some actionable steps you can take to get started.

Leave your bubble.
To anticipate the social consequences of your work, you have to leave your bubble. Seek outside perspective and expertise, and invest upfront in building a diverse team.
Business Case for Responsible Innovation

Attract and Retain diverse talent

Earn trust and consumer loyalty

Build social capital

Prevent disasters that cost time, money, and reputation
Tech Talent Cares

28% have seen decisions that they felt could have negative consequences for people or society.

63% want more time and resources to think about the impacts of products.

78% would like practical resources to help them.

Source
https://doteveryone.org.uk/project/industry-attitudes-to-responsible-technology/
Bad Excuses

Failing to account for ethical risks will eventually cost you time, money, and reputation. Think of it like technical debt— the longer you don’t address ethical risks the more ethical debt is likely to accrue, and the more difficult it is to correct problems. In other words, it’s never too early — but it can often be too late.

What can we realistically do?

We’re already resource constrained.

We’re still trying to find product market fit.

It’s too hard to predict.

We’re focused on making payroll.

It’s too early.

We’d know if there was an ethical problem.

We sell X. This doesn’t apply to us.
The Ethical Iceberg

Responsible tech is more than just tech — it is how you build your organization from the ground up.
Seven Actions You Can Take

01  Implement an Ethical Risk Assessment

02  Create a Stakeholder Value Plan

03  Seek Good Advice to Build Your Responsible Innovation Plan

04  Commit to Stakeholder Value as a Public Benefit Corporation

05  Develop an ESG Strategy

06  Foster Belonging to Harness Diversity’s Competitive Advantage

07  Create a Values Committee
Implement An Ethical Risk Assessment

WHAT

Use a tool like EthicalOS, Consequence Scanning, or Data Ethics Canvas to surface likely ethical risk zones and unintended negative social consequences of your work.

WHY

A) **Your intuition is not enough**: ethics and social responsibility need rigor, process, and intentionality. You certainly won’t “know if there’d be an ethical problem” just because you think about it or are well-intentioned.

B) **Ethics and social responsibility are not cost centers.** View them as design constraints that can actually lead to holistically better products and business.

C) **Generate concrete action items.** These tools can surface and insights to inform product, process, and culture, and business model.

HOW

A) **Regular cadence.** As your business evolve, so do your ethical risks. Set a consistent, dedicated time to discuss ethical and social risks (eg. weekly, monthly, quarterly, at product sprints, during retreats, etc). Culture is what you practice.

B) **External facilitator.** We’re all inclined to see our work in the best possible light, and this means we have blind spots. Consider bringing on an external facilitator or an advisor to support this process and help you paint an honest picture of the possible implications of your work.

C) **Don’t reinvent the wheel.** Use one of these excellent frameworks:
   1) Ethical OS
   2) Consequence Scanning
   3) Data Ethics Canvas
   4) Design 4 Justice

D) **If nothing else, try three exercises**
   1) Use one of the external frameworks to dientify the ethical risks you are most likely to encounter (eg. “We do not want to help hateful organizations or criminal organizations improve their engagement ability with our platform” “We collect sensitive health data and want to ensure user privacy.” “We use third party data sets to train our models and worry they aren’t representative of all possible user groups.”)
   2) Develop risk mitigation strategies. These will probably touch on your business model, culture, operations, or product itself.
   3) Articulate how accounting for these risks can actually lead to more holistic, sustainable business.
02 Create a Stakeholder Value Plan

WHAT

A stakeholder is any group that will be impacted by your business activities.

Optimizing for shareholder returns can miss the forest for the trees — even Jack Welsh, famed CEO of General Electric said “...shareholder value is the dumbest idea in the world. Shareholder value is a result, not a strategy.” Create a plan that identifies all of your stakeholders (eg. employees, community, users, shareholders) and do a clear-eyed accounting of how your business may create, destroy, or extracts value for or from each group.

WHY

A) **Long term value.** Studies increasingly show that working towards stakeholder value correlates with building long term business value. When incentives align, you get flywheels (eg. happy, healthy employees do better work).

B) **Fuller picture of your impact.** Your company creates a spread of value creation (and sometimes destruction or extraction) for different groups of stakeholders — beyond end-users and any incumbents you might be disrupting. It’s important to paint an honest and full picture of this spread to best inform your decision making.

HOW

A) **Map your stakeholders.** Make a list of all of your stakeholders. It can be useful to arrange them in concentric circles — Who the stakeholders most directly impacted by your activities? Who experiences second or third order effects of your business at scale?

B) **Consider the very idea of value.** What constitutes value for each group? How can you measure or monitor that value? Can you directly include your stakeholders to inform these questions? From marginalized or vulnerable groups in particular?

C) **Perform consequence scanning.** Create a 2x2 with Unintended → Intended Consequences on one axis, and Negative → Positive Consequences on the other. Try to brainstorm the range of potential consequences for each stakeholder group.

D) **Acknowledge tradeoffs and try to develop mitigations.** There will almost always be tradeoffs for different stakeholder groups. Have frank conversations about which tradeoffs are ethically unacceptable to your team. Adjust strategy, business model, or product roadmap accordingly. For trade offs that may be undesirable but necessary, try to come up with mitigation strategies to minimize or eliminate harm proactively.

EXAMPLES: LTSE, Airbnb, Twilio, Salesforce, Asana
Seek Good Advice to Build Your Responsible Innovation Plan

WHAT

Consider developing formal advisory relationships who can help you think about ethics, social responsibility, and unintended consequences of your work.

WHY

A) Ethics and social responsibility is a lens. Not a one-time intervention. An advisor (or board) can help inform ongoing challenges and get ahead of issues.

B) Low touch. Advisory relationships are common in the startup world and are relatively straightforward to both enter and terminate.

C) External perspective. External perspectives are critical for understanding unintended consequences and thinking through all the ways your product or company may affect various groups.

HOW

A) Capacity building. Lean on advisors to train you and your team on competencies like scanning for ethical risk, responsible design practices, ESG basics.

B) Product reviews/audits. Have advisors review your products, services, or business model for ethical risks or unintended social consequences. Even better, play offense and involve your advisors in the ideation stage or product sprints to surface these issues before shipping.

C) Consider power, independence, and lived experience. It's great to find experts in Tech & Society, but it's also important to consider whether your advisors have proximity to the stakeholder groups you are most likely to affect. For a board, you may want to consider whether there are situations where they can make binding decisions, how members are appointed, and how much independence they have in their work.

EXAMPLES:

Arena HR Tech (see case study)
Commit to Stakeholder Value as a Public Benefit Corporation

WHAT

PBC is a legal form that functions almost identically to C-corps, except you have a fiduciary responsibility to all of your stakeholders, rather than only your shareholders. PBCs are becoming an increasingly common legal structure, even for mainstream ventures. VCs have become more comfortable funding them, and there are even some examples of PBCs going public.

WHY

A) **Long term value.** Studies increasingly show that stakeholder value correlates with building long term business value².

B) **Legal freedom and protection** to more holistically pursue your mission.

C) **Earn trust.** Distinguish yourself from competition and signal that your company’s values are aligned with your consumers. That you share “Mission parity,” as Aclima CEO Davida Herzl has put it.

HOW

A) **Incorporation is easy.** Functions same as C corp

B) **Conversion to a PBC is possible but more difficult.** Check out our micro case study on Aclima: “Why Aclima Converted to a PBC on Raising its $40M Series B”

EXAMPLES:

Examples of PBCs include Aclima, Aveeva, Lemonade, Coursera, Kickstarter, Patagonia
Develop an ESG Strategy

WHAT

ESG stands for Environmental Social Governance. It is a common set of standards for company operations used for sustainable investing. Even if it can be a little clunky for startups — it can be a very useful framework for beginning to think about responsible innovation.

WHY

A) **Outperform the market.** There is growing evidence that ESG-focussed companies outperform the market. In other words — responsible tech doesn't have to be a cost center. It can help you build more resilient, long-term businesses, and build trust with employees, users, and the public.

B) **Growing Asset Class.** ESG assets are expected to reach $53T by 2025 — that is nearly a third of all global AUM?!

C) 91% of founders surveyed by 500 Global believe implementing ESG related policies and practices will help them attract and retain talent. **

D) **You are not alone.** The same study from 500 Global found that 91% of founders say that requiring the implementation of ESG related policies and practices would make the investor more desirable.

HOW

A) **Get BCorp Certified.** BCorp-Certification is a type of ESG certification from a non-profit called BLab. They are different from Public Benefit Corporations — you don’t have to change your legal structure. It is about implementing a set of best practices around how you run your business. If you aren’t ready to get certified, you can use BLab’s free assessment, is used by more than 150,000 companies.

B) **Ask your investors.** VCs are facing growing pressure from their LPs to implement ESG strategies. Ask your investors for support. Some Bcertified investors include Techstars, Obvious Ventures, Unreasonable Group, TowerBrook Capital, Capital Factory.

*A NOTE ON ESG*

*Note on ESG. ESG has justifiably faced scrutiny in recent years. From our perspective, it has serious shortcomings. ESG frameworks are both too much and not enough — they can be clunky and cumbersome for tech companies, and early stage companies in particular. And yet, they generally don’t account for problematic business models [eg. Fossil Fuel companies can score high]. However — we’ve ultimately decided to include it for three reasons:

1) It includes considerable well-researched, tested, best practice for running businesses responsibly.
2) In later stages, ESG accountability can help you be a better corporate actor and also materially increase your valuation.
3) It serves as a big umbrella for lots of folks who genuinely care about running businesses more responsibly.*

Foster Belonging to Harness Diversity’s Competitive Advantage

WHAT

Foster a sense of belonging by leveraging with respect to diversity, equity, and inclusion. Diversity describes the spectrum of human identity across dimensions, including race, gender, age, sex, socio-economic status, and religion. Creating a sense of true belonging will help you attract and retain the world’s best talent.

WHY

Diverse teams make better decisions, are more creative, and solve problems more effectively. There is growing evidence that they are also more profitable. Racially diverse executive teams provided an advantage of 35% higher EBIT and 33% more long-term value creation.

HOW

A) **Explore your own biases** To be human is to be biased. Consider the role of bias in people processes like staffing, performance evaluation, compensation and promotion/career progression. There are plenty of resources for exploring your own biases.

B) **Set aspirational goals**
   - for representation, retention and progression (eg. “50% of the founding leadership team will be female or non-binary”, or “our founding engineering team will reflect the racial representation seen in our market’s broader workforce.”

C) **Build a sense of belonging**
   1) bringing their authentic selves,
   2) celebrating the unique attributes that make individual employees who they are,
   3) ensuring equitable opportunities for participating in important work, and
   4) recognizing and compensating contributors fairly.

D) **Ask for feedback and iterate.** You won’t know if folks feel a sense of belonging and how your climate and culture are being experienced unless you regularly ask and take feedback seriously when it is shared. Implement a survey that gauges employee sentiment that includes items related to inclusion and belonging, and consider variances in responses based on identity. You don’t have to invent the wheel here.

E) **If you’re struggling.** take an honest look at your team. Reach out to affinity groups like Code2040, dev/color, Out in Tech, and more to build authentic relationships and diversify your hiring pool.
Create a Values Committee

**WHAT**

When you scale, things break — including your values if you don’t protect them. A values committee can help ensure that you stay true to your ethics and purpose as you grow. A values committee can review major transactions, partnerships, or even hires to ensure positive alignment with values and mission.

**WHY**

It is difficult to align growth and values. It is even more difficult ad hoc — having a process that is grounded in your values can help.

**HOW**

A) **Create a threshold.** Every transaction above the threshold is reviewed by the committee.

B) **Operationalize it.** Set a standard process for ensuring mission-aligned deals, transactions, and policies. Damola Ogundipe, Founder and CEO of Civic Eagle said it best:

> “We wanted it to be an operationalized process. Like using Hubspot....not a new thing or awkward thing or experimental thing.”

**EXAMPLES:**

Civic Eagle

Check our our Case Study #2 to see how Damola built a Values Committee for Civic Eagle.
### Actions by Stage

<table>
<thead>
<tr>
<th>1) Ethical Risk Assessment</th>
<th>DIFFICULTY</th>
<th>PRE-SEED</th>
<th>SEED</th>
<th>LATER STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERAs should be done on an ongoing basis. Light touch. They evolve as your business evolves.</td>
<td>Easy</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2) Stakeholder Value Plan</th>
<th>DIFFICULTY</th>
<th>PRE-SEED</th>
<th>SEED</th>
<th>LATER STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>The full ecosystem of your stakeholders — the groups of people directly and indirectly affected by your business — should be more clear as you find product market fit. As you grow, you are also likely to have more stakeholders.</td>
<td>Easy</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3) Seek Good Advice</th>
<th>DIFFICULTY</th>
<th>PRE-SEED</th>
<th>SEED</th>
<th>LATER STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisors are a low touch way to bring a formal perspective around responsible innovation into your work at every stage. Later stage companies should consider formal boards or working groups around ethics, ESG, or responsible innovation. Series A+ companies should consider dedicating formal headcount to responsible innovation roles.</td>
<td>Easy</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4) Incorporate as a PBC</th>
<th>DIFFICULTY</th>
<th>PRE-SEED</th>
<th>SEED</th>
<th>LATER STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>5) Convert to PBC</td>
<td>DIFFICULTY</td>
<td>PRE-SEED</td>
<td>SEED</td>
<td>LATER STAGE</td>
</tr>
<tr>
<td>6) Developing an ESG Strategy</td>
<td>DIFFICULTY</td>
<td>PRE-SEED</td>
<td>SEED</td>
<td>LATER STAGE</td>
</tr>
<tr>
<td>While it can be good to familiarize yourself with ESG, the specific standards and practices can be cumbersome for early stage companies. However, as you grow, ESG accountability can actually increase your valuation. Series B+ companies should consider devoting formal capacity to ESG.</td>
<td>Easy</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7) DEI</th>
<th>DIFFICULTY</th>
<th>PRE-SEED</th>
<th>SEED</th>
<th>LATER STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEI is ongoing. The sooner you get it right, the easier it will be to attract diverse candidates going forward.</td>
<td>Easy</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8) Values Committee</th>
<th>DIFFICULTY</th>
<th>PRE-SEED</th>
<th>SEED</th>
<th>LATER STAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A values committee is a tool for aligning growth with your values — once you’ve found product-market fit.</td>
<td>Easy</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*A note on ESG. ESG has justifiably faced growing scrutiny in recent years. From our perspective, it has serious shortcomings. ESG frameworks are both too much and not enough – they can be clunky and cumbersome for tech companies, and early stage companies in particular. And yet, they generally don’t account for problematic business models [e.g. Fossil Fuel companies can score high]. However – we’ve ultimately decided to include it for three reasons: It includes considerable well-researched, tested, best practice for running businesses responsibly In later stages, ESG accountability can help you be a better corporate actor and also materially increase your valuation. It serves as a big umbrella for lots of folk who genuinely care about running businesses more responsibly.*
Aclima measures and analyzes air pollution and greenhouse gases on a hyperlocal-level which helps regulators, policymakers, and environmental advocates better understand and manage emissions and their impacts. When Davida Herzl incorporated Aclima, there were two choices for how she could deliver on her mission: she could start a nonprofit, serve parts of society that lack access to resources, and be beholden to philanthropists, or she could build a business for scale with funding from VCs indifferent to impact.

By the time the company closed its $40M Series B in November 2020, things had changed. Here’s how Aclima put environmental justice on the same level as profits:

1. Embed values into the product and the company from the beginning

Davida wanted to create a business oriented towards all of its stakeholders, not just its investors. She defined the company’s values and put them forward early on, emphasizing how the tech was built in partnership with the communities it was designed to serve. Aclima’s granular data helps show the racial implications of environmental justice.

“If you’re Black in the US you are 3 times more likely to die from exposure to air pollution.” — Davida Herzl

“Understanding how pollution is distributed across the population is an important part of shaping policy interventions,” said Herzl.
2. Prove the technology works before raising funds

Aclima spent years demonstrating their ability to build its technology. “For years we didn’t bring in any investors; we bootstrapped with revenue. It was hard to raise money at the time, and there was a significant risk in bringing on misaligned investors.” Only around 2017 did Aclima start to consider outside capital, and by then, more impact investors active in venture had emerged.

3. Raise from aligned investors who value the mission (Series A)

In June 2018, Herzl closed Aclima’s $24M Series A. The round brought together a group of impact-focused investors, including Radicle Impact (part of Tom Steyer and Kat Taylor’s family office), the Emerson Collective (the organization run by Laurene Powell Jobs), and the former Google CEO Eric Schmidt’s family foundation.

The company then spent 18 months taking its technology to market. In that period, a new legal form emerged: the Public Benefit Corporation.

4. Re-incorporate as a Public Benefit Corporation (Series B)

When Davida was gearing up to raise Aclima’s Series B, she knew she would be bringing on investors that she didn’t know as well as those on the Series A cap table. She wanted to make sure that her investors would get behind the company’s mission, and leaned on the process of re-incorporating as a PBC to filter out investors who weren’t on board.

“We wanted to protect the company and tell investors: you’re signing on to this transition [to a Public Benefit Corporation.] If you’re not comfortable, don’t sign on. If you want to be part of redefining how tech is built to deliver on the promise of those capabilities, you are welcome.”

The transition wasn’t simple. In addition to re-filing the company’s letters of incorporation with the state of Delaware, Davida had to educate the board. Many had questions related to the impact on the company’s exit: were PBCs valued in the same way as C-corps at IPO? Davida and her team leaned on the extensive data showing that public market investors want their investments to deliver on environmental, social and governance dimensions of performance, not just on financial performance. Davida estimated that PBC-related questions added 30 minutes to every diligence meeting with new investors.

“We saw more issues with not doing it and knew it was worth investing the time to transition our legal form. You can be desperate to close the round and move on, but you need to think about yourself in the future, and protect that future self. I knew that a disconnect with my investors at such a fundamental level could be the greatest source of pain and destruction of long-term value.”

Aclima benefitted from good timing: the round closed during the pandemic, when climate justice was rising to the top of the agenda of both investors and the federal government.

PBC now core to Aclima’s GTM strategy

“It’s put us in a place where we can be bolder about our commitments to the communities we are serving. It’s enabled us to make this focus visible, where we previously felt we had to be more conservative. It’s important to us to be an example of how you build a company for the future,” said Herzl.

Herzl shared that Aclima’s new legal structure is an asset to its business, too. Many of its customers are governments, who are mandated to deliver public benefits. Aclima can now credibly speak to mission parity, and even share its PBC charter.

“It gives us a competitive advantage in the sales process. Our clients know we’re in it to help government agencies solve profound societal problems.”

Herzl is particularly excited to share Aclima’s story to show that the decision to incorporate is no longer binary.

“A lot of founders don’t understand the basics of what the legal structure requires of you when you bring a VC on to your cap table. Knowing these tools exist to align you, your investors, and the customers you serve, is powerful for founders. You don’t do this unless your heart and soul are in — there is no balance or separation. Particularly for this next generation of founders, who have been tempered in a recession, a pandemic, and social instability, the ‘why’ is everything.”
Case Study

How Venture-Backed Civic Eagle Created a “Values-Committee” to Align Growth and Mission

Damola Ogundipe is intent on proving that you can build a big venture-scale business and still be committed to your values.

Damola started Civic Eagle in 2016 and has raised $3.4M from Techstars, ff Ventures, Higher Ground Labs, and others.

Civic Eagle’s software helps advocacy organizations manage their legislative advocacy work with an easy-to-use software interface for monitoring and tracking bills, and best-in-class collaboration features that make working with partners and stakeholders on legislation easy.

At its current scale, Damola has a sense of most current clients. But he understood that as the company grew, he would need to establish a process to ensure mission alignment, especially in how their products would be used.

“...we do take a stance on issues critical to the well-being of humanity and/or democracy”
Civic Eagle created a ‘Values Committee’ to help operationalize its mission. The committee is led by Civic Eagle’s Chief Data Officer, Jesse Mortenson, with the participation of an ‘at large vote; and one co-founder. Damola has given the committee free rein to define their operating principles and scope, acknowledging that he may “have a bias that I am not aware of.”

The goal of the values committee is to determine if a deal aligns with, is neutral towards, or is contrary to Civic Eagle’s mission. When there is any large transactional event, it must be reviewed by the values committee. Damola knew that they were bound to encounter grey areas, so it was important to ensure that there was a process to handle these questions in a natural way:

“...not a new thing or awkward thing or experimental thing. We wanted it to be an operationalized process. Like using Hubspot.”

In the long run, Damola wants to go further and have someone from the values committee present as a board observer, or one day even hold an actual board position.

Damola cites his commitment to values as a competitive advantage:

“You can’t divorce company values from the customers you serve. Our goal is to lean into that fact while building a big business. We believe we can — our customers love that we stand by our values and we continue to grow exponentially.”
4 Insights from HR Tech
Company Arena’s Creation of an Ethics Advisory Board

Arena Analytics helps its enterprise customers identify candidates who are most likely to thrive in specific roles, departments, and locations, using big data and predictive analytics.

Arena’s product team quickly realized that it had blind spots around the unintended effects of the company’s technology. The team requested that a consultant be brought in to help. CEO Myra Norton felt that one consultant’s additional perspective wasn’t enough: they needed multiple additional viewpoints.

“You have to respect the complexity of the problem. There are no one-line answers to inequality.”

Myra knew the board needed representation of a range of experiences with the problems the company is trying to address:

“We need academics who study AI ethics, as well as the people who have been impacted by AI, who have experienced this bias. [...] To do this right, we need all of these perspectives. It will be hard [...] But those conversations-- figuring out how to get people with these different levels of expertise to communicate-- is where the magic happens.”

With the help of John Sumser, a longtime HR tech analyst, Arena brought together a group of people with deep lived experience with being the object of discrimination.
2. It’s an advisory board, not a governance function

“The moment you turn ethics into a governance function, you create ethical problems. We do not want to issue edicts; we want to be engaged in a conversation with the company in a dynamic way that allows important ethical issues to be surfaced and be addressed.” - John Sumser, Chair of the Arena AI Ethics Advisory Board

The advisory board was launched in January 2021, and recently held its third meeting. Their thinking evolves every time they meet. Different parts of the company engage with the advisory board depending on the topic for discussion, and the company and advisory board are co-designing the accountability and reporting cadence and mechanisms that work for them.

“There is no blueprint,” said Myra. Arena realized that it couldn’t depend on others to draft this blueprint, especially for an area so core to the company’s product and business. The company knows that it’s a pioneer, and accepts the potential missteps that come with forging a path where there is none.

3. It builds organizational courage

“It requires courage to stand something like this up. It also builds courage.” - CEO Myra Norton

When Arena was recruiting members of the advisory board, Myra was warned to be careful, lest she unintentionally expose the company to unwelcome scrutiny. She wondered “What are we really afraid of? [...] If we are afraid of hard questions, we have bigger problems than we thought we did. We are trying to rewire the labor market around outcomes rather than pedigree and perception -- hard questions are our currency.”

Myra noted that the creation of the board has had a notable knock-on effect within the company. Employees have learned that a proposal they put forth does not fall apart simply because someone else points out a weakness in it; rather, it creates an opportunity to innovate in a different direction.

4) “Inside the company, everyone is excited about this.”

Interaction with the advisory board has been galvanizing for Arena’s employees. The company’s mission is to have broad societal impact, and it is concerned with avoiding harm.

Some startups run on the sheer will and ego of the founder. John Sumser noted that this advisory board is a sign of a team seeking to build an institution over time. Company leadership is focused on strengthening the organization’s foundations.

“The ethics board is an expression of the fundamental management philosophy of the company: ‘We want to see the hard question before anyone else does.’ This is especially important in an organization that builds AI, where there is a lot of smoke blowing around unexpected consequences. Most often, they were foreseeable, but no one bothered to foresee them.” -- John Sumser, Chair of the Arena AI Ethics Advisory Board

With its AI ethics advisory board, Arena Analytics has taken a meaningful step towards foreseeing those unexpected consequences.

“The point of ethics in AI is to find ways that it doesn't harm people: the people who are touched by it, [as well as] the people who use it. It’s not that different from making sure that power tools have safety mechanisms built in. We’re just early in the process for ethics in AI.”

John Sumser, Chair of the Arena AI Ethics Advisory Board
Internal Provocations

What price are you willing or not willing to pay to become a unicorn? To achieve wealth or power?

What do you really need to be happy and fulfilled?

What would you regret more — your company becoming a Unicorn while compromising its values, or shutting down and never compromising those values?
Testimonials

“Any startup that wants to genuinely ensure they have a positive impact on the world would benefit from reading this guide.”

— Diego Saez Gil, CEO Pachama (YC)

“Doing good takes intention. This guide is the perfect starting point for every company leader looking to be a responsible innovator.”

— Claire Shorall, CEO Topknot
Follow

There is a growing community of founders and scholars working on these issues. Here is a very abbreviated list of places where you can learn more.

**People**

- Safiya Noble
  Algorithms of Oppression
- Ruha Benjamin
  Race on Technology
- Kamal Sinclair
  Guild of Future Architects
- Mimi Onuoha
  People’s Guide to AI
- Ellen Pao
  Project Include
- Joy Buolamwini
  Algorithmic Justice League
- Eli Pariser
  Civic Signals
- Sarah Williams
  MIT Civic Data Lab
- Kathy Pham
  Mozilla, Harvard
- Rumman Chowdhury
- Shoshanna Ziboff
  Surveillance Capitalism
- Karla Monterroso
  Code2040

**Organizations**

- Ford Fdn
  Public Interest Tech Initiative
- Institute for the Future
  Ethical OS
- Dot Everyone
  Consequence Scanning
- Berkman Klein Center at Harvard
- Zebras Unite
  alternative exits
- Project Include
- Long Term Stock Exchange
- BLab
- Dev/Color
  Supporting black technologists
- Code2040
  Building diverse talent pipelines in SV
- Responsible Innovation Labs
- All Tech is Human

**Frameworks**

- Ethical OS
- Consequence Scanning
- Ethical Data Canvas
- Society Centered Design
- Design Justice Network
- Bcorp
This guide is neither comprehensive nor sufficient. It is meant to be an entry point to these issues!

3. https://doteveryone.org.uk/project/industry-attitudes-to-responsible-technology/
Thanks to our partners and supporters:

Authors + Contributors:

Omosefe Aivebbomwan
Dr. Wilneida Negron
Lyel Resner
Claire Veuthey
Frances Armas-Edwards, Ed.L.D

We would like to thank the hundreds of founders, operators, and civil society leaders we interviewed over the last 18 months. In particular, we are grateful to Damola Ogundipe, Davida Herzl, Claire Shorall, Ope Bukola, Lindsay Siegel, and Claudine Emeott for being the subject of our publicly available case studies. We’d also like to thank Diego Saez Gil, Chapman Snowden, Tracy Barba + Courtney Weinstein at 500 Global, Shu Dar Yao and Cecilia Young at Lucid Capitalism, and the RIL, and Venture ESG teams for their thought partnership.

Designed Edvin Lee

www.startupsandsociety.org
@startupsandsoc