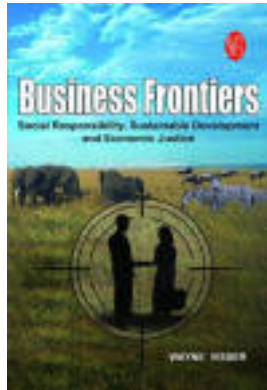


Business Frontiers:

Social Responsibility, Sustainable Development and Economic Justice

By Wayne Visser (ICFAI Books, 2005)



~ 13 SUSTAINABLE COMPANIES ~

Shapeshifting Business

In a previous chapter, I talked about the need for companies to “shapeshift” – to change their underlying natures – from embodying the characteristics of a lion (a competitive, selfish predator) to being more like an elephant (a more cooperative, harmonious creature). This analogy is based on the book I co-authored with Clem Sunter entitled *Beyond Reasonable Greed: Why Sustainable Business is a Much Better Idea!* (Human & Rousseau Tafelberg, 2002).

The question still remains, however: what does an elephant company look like? Like trying to convince caterpillars that going into a cocoon is a good idea, it helps if we can show the remarkable end result, namely a beautiful butterfly flying free. That is why, in this article, I want to highlight some companies that have already gone a long way down the elephant trail; businesses that have begun transforming themselves into agents of positive change in a world that desperately needs visionary leadership.

There are seven critical areas in which elephant companies distinguish themselves from lion companies, namely: values, vision, work, governance, relationships, communication and services. We will explore each of these themes briefly and give examples of those companies and business leaders that are blazing a trail for others to follow. So, hang on to your whiskers, the shapeshifting is about to begin.

Values: It's in His Kiss

Values are exactly what they say they are – a reflection of the things we value. In a corporate context, they are not motherhood and apple pie statements in annual reports, or

candyfloss principles framed on the boardroom wall. If you want to know what values a lion lives by, the answer lies not in his well-groomed mane or his charming smile; as the rock 'n roll classic goes: "It's in his kiss!" In other words, company values are betrayed by the way they behave.

Let's take the issue of equity in the workplace as an example. It is a fact that the gap between rich and poor has widened in the past fifty years, with three billion people (half the world's population) still living on less than \$2 a day. And yet how many companies look to themselves as one of the sources of this growing inequity? How can it be otherwise when, in 1960, Chief Executives in the United States earned on average 40 times more than the average worker, but by 1990, this factor had gone up to 80 times and today is around 120. Taken to an extreme to illustrate the point, do you know that it would take one Haitian worker producing Disney clothes and dolls *166 years* to earn as much as Disney president Michael Eisner earns in *one day*. In lion companies, the benefits always seem to trickle upwards to feed the fat cats.

By contrast, America's popular ice-cream chain, Ben & Jerry's Homemade Inc, chose equity in the workplace was one of their fundamental values. Importantly, it didn't stop with words, but rather translated into action. The inspirational founders of Ben & Jerry's insisted on a top to bottom salary ratio of 7:1. Although the arrival of a new CEO in 1995 pushed up the ratio to 14:1, this was still commendably egalitarian compared with the rest of corporate America where CEOs were earning on average 85 times more than their employees at that time. Ben & Jerry's is a great elephant company that has for many years led the way in corporate responsibility.

Vision: A Jumbo Quest

Shapeshifting seldom happens in countries or companies without visionary leadership. The great thing about creating a sustainable future, however, is that it is an inspiring ideal: something that, like the elephant, is bigger than ourselves - a little frightening, somehow magical, an exciting challenge at the very least. And in today's barren desert of materialism and secularism, people are crying out for something inspirational, even sacred, to quench their thirst for meaning.

There are few companies and business leaders with a more provocative and inspiring vision than The Body Shop and its founder, Anita Roddick. "As far as I am concerned," she says in her book *Business As Unusual*, "the business has existed for one reason only – to allow us to use our success to act as a force for social change, to contribute to the education and consciousness-raising of our staff, to assist development in the Third World and, above all, to help protect the environment. What we are trying to do is to create a new business paradigm, simply showing that business can have a human face and a social conscience."

You may well ask: "How do you ennoble the spirit when you are selling something as inconsequential as a cosmetic cream?" According to Anita, you do it by creating a sense of holism or spiritual development, of feeling connected to the workplace and the environment and of forging relationships with one another. It's how to make Monday to Friday a sense of being alive rather than a slow death. How do you give people a chance to do a good job? By making them feel good about what they are doing. The spirit soars when you are satisfying your own basic material needs in such a way that you are also serving the needs of others honourably and humanely. "Under these circumstances," says Anita, "I can even feel great about a moisturizer."

Work: An Elephant's Playground?

Having a leader's inspiring vision is one thing, but it is like whistling in the wind unless people in the workplace are able to express their own inherent magic – their creativity and imagination, their values and passions. As Anita Roddick says: "People become motivated when you guide them to the source of their own power."

A great example of a new approach to work is one of Brazil's largest companies, Semco, under the innovative leadership of company president Ricardo Semler. The corporate philosophy is based on the notion of giving employees control over their own lives. "We hire adults," says Semler in his autobiography *Maverick*, "and then we treat them like adults." The result is that all Semco employees attend classes to learn how to read and understand "the numbers" and each and every one receives the financial accounts for their division each month. Staff are also given access on request to any other company information, including everyone else's salaries. "If people are embarrassed by their salaries," reasons Semler, "that probably means they aren't earning them."

And that's not all. At Semco, every employee sets their own salaries and work schedules. According to Semler, the company distributes a half-yearly salary market survey and says: "Figure out where you stand on this thing. You know what you do; you know what everyone else in the company makes; you know what you need; you know what's fair. Come back on Monday and tell us what to pay you." Time clocks have been eliminated, and people come and go according to their own schedules – even on the factory floor. The result is greater spontaneous coordination between workers, and more people who can now do several jobs. Interestingly, although they set their own schedules and targets (or perhaps *because* they do), they tend to work longer hours to meet them.

Governance: Council of the Animals

Governance is a word that lions don't like much. It smacks too much of giving away power. Or sharing supper. Lion directors prefer the freedom of making all their decisions in secret councils or while they're on the run, with no justification needed and no recourse back to them. In other words, if the lion king has his way, business is a monarchy, not a

democracy. Governance is something very different in an elephant company. As embodied in South Africa's world-leading corporate governance code, the King Report, it has more to do with transparency and accountability than power and profits.

Cashbuild is a pioneering South African company that showed how elephant thinking could be put into practice in business long before corporate governance had become a catchphrase. According to former Managing Director, Albert Koopman, replacing reward and punishment systems with systems based on peer recognition and rejection makes good business sense. For example, under Cashbuild's old reward/punishment system, the company could never reduce employee absenteeism and lost hours to a figure below 15 percent despite repeated warning letters and disciplinary procedures. Then, when they used the peer group concept by simply placing red marks next to late or absent employees' names on a publicly displayed chart (with no management reprimand), lost hours immediately dropped to one percent.

Cashbuild also introduced other innovative practices. They held extensive "sharing" sessions among employees, aimed at deepening understanding of diverse histories, cultures and values in the workplace. They removed the power imbalance in management-labour relations through the empowerment of shop steward committees and other representative councils. And once a year, the company held a three-day communal gathering - The Great *Indaba* - during which every employee had the opportunity to make his or her views on Cashbuild and its leadership heard. This sharing approach resulted in consensus being reached more quickly on key decisions. In the one year, it took a mere 35 minutes to conclude wage negotiations.

Relationships: Walking Gently as Giants

Elephants are highly sociable creatures. They move in large herds which usually comprise of more than one family group. They protect, care for and even suckle each other's young. A lot of their time and energy is spent cultivating and nurturing relationships in the herd, whether by frequent infrasonic dialogue, playing together or intimate caresses with their trunks. It is clear that building bonds of family and friendship is at least as important as feeding. In the wider context, they have no natural enemies and many of their actions are symbiotic in nature, such as digging water holes, fertilising ingested seeds and making vegetation accessible to other species.

This makes elephants the perfect role model for business in a world where managing relationships is becoming at least as important as the pursuit of profits. To survive in the twenty first century, companies have to move beyond their aggressive, competitive tendencies and learn to be not only sociable, but genuinely concerned about the perspectives and wellbeing of *all* of their stakeholders; not just shareholders, but also employees, communities, customers, suppliers and civil society organisations. Stakeholders, if maltreated, can bite back and even the most macho multinational lions

can find themselves bleeding. The damage to Nike's reputation when they were caught employing cheap child labour in Third World countries is perhaps one of the most well known cases. Needless to say, Nike's ensuing public relations nightmare wasn't helped by the fact that it paid sportsman Michael Jordan \$20 million a year to endorse their products, while paying its Indonesian subcontractors annual wages of less than \$1 000.

In contrast, Reebok, who has developed a reputation for taking a public stand on social issues, pledged to fight exploitative labour practices. It called on activists to alert it to any abuses that were occurring and began requesting all its vendors for certification that they are complying with codes of conduct, such as those of the International Labour Organisation. Levi Strauss has gone even further. In Bangladesh and Turkey, where children were working for contractors and providing their family's only source of income, Levi's actually paid the contractors to keep the children in school until they were 14. In areas where it felt it had less influence, like China, Levi took the tough commercial decision to withdraw from the country until its human rights record improves.

Communication: The Rumble in the Jungle

Lions don't communicate much except to roar to intimidate others or to purr with self-satisfaction. Likewise, modern companies have grown accustomed to speaking to stakeholders only on a "need to know" basis – telling whom they want, what they want, when they want. Elephant communication is quite different. It is more like dialogue: an ongoing, two way, interactive process which involves listening as much as talking, and includes non-verbal as well as verbal exchange.

There are no shortage of lion companies who mistook "telling" for "dialogue" and have been getting backchat from angry stakeholders ever since. McDonald's and Shell have become celebrated examples. When Greenpeace activists published a pamphlet entitled *What's Wrong with McDonald's*, the company was quick to bear its fangs and lash out with its claws by instituting legal action. But McDonald's testosterone-laden approach bit back – the company found itself in court for 314 days with all its dirty washing being aired for the curious public to see. Shell's fall out with stakeholders over its proposed sinking of the Brent Spar oil platform in the North Sea, as well as its alleged complicity in human rights abuses and environmental impacts in Nigeria, resulted in widespread consumer boycotts and worldwide anti-Shell activist campaigns, and the company was forced to re-examine seriously its old approach of doing business.

Fortunately, the next generation of elephant wannabes can learn from McDonald's and Shell's trial-by-fire, as well as following in the footsteps of the elephant pioneers that have gone before them. Like the Body Shop, with its Values Report, Sbn Bank with their ethical accounting process, Skandia with their Intellectual Capital report, and Electrolux with their environmental reports based on The Natural Step framework. There are also numerous do-it-yourself guides that have emerged in recent years. If taken seriously, for example, the

Accountability 1000 standard on Social and Ethical Accounting, Auditing and Reporting and the Global Reporting Initiative's Sustainability Reporting Guidelines could take companies a long way down the elephant road of stakeholder engagement.

Services: The Genius of Nature

Products and services will also need to shapeshift if we are to create a better future for our children. It will no longer be acceptable or successful to follow the lion's approach of producing things and flogging them to a market brainwashed by advertising, whilst ignoring the damage they cause along the way. The new generation of elephant products and services will focus on adding value over their entire life cycle – cradle-to-grave.

One company that has taken the life cycle principles to their natural conclusion is US carpet manufacturer Interface. Central to their founding CEO Ray Anderson's vision of Interface as a "restorative company" was the concept of the Evergreen Lease, converting the carpet as a product of material into a product of service. Now known as Evergreen Service Contracts, the programme gives clients the option to lease the services (functionality, colour, design, aesthetics) of a modular carpet system, without taking ownership or liability for ongoing maintenance and the ultimate removal for reclamation or recycling at the end of the carpet's useful life. Anderson was able to re-define Interface from being a carpet manufacturer into a provider of sustainable floor-covering services. Surely this product leasing approach is a glimpse of the future?

American futurist, Hazel Henderson, takes this vision even further. She claims that "the Information Age is no longer an adequate image of the present, let alone a guide to the future. It still focuses on hardware technologies, mass production and economic models of efficiency and competition, and is more an extension of industrial ideas and methods than a new stage in human development." Henderson points to a growing realisation by humanity of its dependence on Nature, and more precisely, on light from the sun. Beyond the mushrooming ecological movement and the call for sustainable development, she draws support for her theory from the recent phenomenal growth in leading edge technologies that do nothing more than attempt to mimic the genius of Nature. Examples of these include artificial intelligence technologies, biotechnologies, energy technologies, and lightwave technologies / phototonics. Reflecting on these developments, Henderson talks about a "restructuring of the exploding Information Age into an emerging Age of Light."

Joining the Herd

Business affects us all in some way, whether as customers, or employees, or managers, or communities affected by the operations of companies. For that reason, we all have a responsibility to help companies shapeshift. We need to stop leaving our elephant values at home when we go to work, or to shop, or to a community meeting. So long as we all fall

in with the habits of the lions' pride, which is usually easier to do, we will never create the future we all desire, based on caring, compassion, holism and other spiritual principles. In this case, joining the herd is a good thing. So, I hope to see you all somewhere, making whatever small difference you can, on the elephant trail.

Source:

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