

## **Beyond Reasonable Greed: Why Sustainable Business is a Much Better Idea!**

*By Wayne Visser and Clem Sunter (Human & Rousseau, 2002)*



### **~ 1 INTRODUCTION ~**

#### **Reformation and Pragmagic**

As we write this introduction we are very conscious of magic. Magic, it seems, is a catchy theme right now, both in our own lives and in the world around us. This is hardly surprising, what with J.R.R. Tolkien's *Lord of the Rings* and J.K. Rowling's *Harry Potter* stories having come to life on the big silver screen. But the magic we are talking about is not of the wizardry kind. Merlin can stay in his cave. Nor is it of the David Copperfield genre where the audience knows that they're being hoodwinked but are prepared to suspend their belief in the interests of excitement. No, we are talking about something more genuine, more tangible, more practical – what brain-mind researcher Marilyn Ferguson called 'pragmagic'.

In our interpretation of the word, magic is the revelation that results from a profound change in perception or understanding. The superstitious world of the Middle Ages was magically transformed by the wizards of art and science – Da Vinci, Galileo, Copernicus and Newton. Then the quantum physicists waved their wands and subtly altered Newton's clockwork universe. Today, the magic continues as the seemingly impossible is conjured up with breakthroughs in areas like biotechnology, artificial intelligence and human consciousness.

But magic is not restricted to the sciences. Nelson Mandela and F.W. de Klerk weaved their own form of magic to create the New South Africa. Unlike in art and the sciences where the magic is normally provided by individuals working on their own, the magic in politics often comes from the development of a positive chemistry between the leading players. This chemistry then leads to an outcome greater than the contribution of any individual member and takes them all by surprise.

Nevertheless, as with everything in life, there's good magic and bad magic. The Swastika was bad magic. When Hitler unfurled it, he temporarily turned the most scientifically advanced nation on Earth back into savage barbarians. In his footsteps followed Stalin, Mao and Pol Pot who turned their followers into killing machines of their own people. By the millions. And the chemistry was pure evil. Today bad magic continues to bedevil

regions like the Middle East and Northern Ireland where thirst for revenge plunges ordinary people into acts of lunacy and callousness. In the name of God or Allah. And He is always on *your* side.

What, you may be asking, has all this to do with business? Well, magic has everything to do with business and this book. For the simple reason that bad magic has moved many companies into a state that is beyond reasonable greed. And the public have a good idea of the boundary between 'reasonable' and 'obscene'. Recently, in South Africa, we have had several disclosures on the size of individual packages and the terms of share incentive schemes which have caused tremendous hue and cry. They have been clearly out of wack with the norm. To give companies the benefit of the doubt, they may not have consciously exceeded the limits of reasonableness. Their boards probably comprise the normal spectrum of saints and sinners; but somehow they have allowed themselves to be collectively swept along by the prevailing paradigm of success which is purely financial, and that in turn has led to unreasonable behaviour. In light of Enron's failure, this judgement may be overly kind and more cases of dodgy accounting, inflated profits and insider trading by the board may pop up in Corporate America and Corporate Europe. So we want to break the spell. We want to indulge in good magic by challenging and changing the orthodox perceptions surrounding business – making the chief executive officers (CEOs) realise the limitations of their current modes of understanding and habits of practice. Above all, we want to persuade them to let go of their conditioning just long enough to glimpse a fantastic new vision of what business could be in the twenty-first century.

Bluntly put, we are seeking a Reformation in business along the same lines as the one precipitated by Martin Luther in 1517. On October 31 of that year, he wrote an attack on the sale of indulgences (remissions of punishment for sin) in 95 theses which he nailed to a church door. His basic point was that the Church had become too interested in enriching itself at the expense of its true mission of providing spiritual leadership. It had lost the support of the population at large with its mercenary practices and obsession with grandeur and wealth. In exactly the same way, the modern corporate world has lost the confidence of the person in the street. The high priests of business – the board of directors – are perceived as just another example of a group of privileged people driven by unreasonable greed and feathering their own nests. The customers and shareholders come a poor second and other stakeholders trail even further behind. The modern equivalent of indulgences is an astronomical salary, a large wad of share options and a corporate jet. And the modern equivalent of the flowery and unintelligible prayers which the Church used to recite in order to extract its indulgences from the peasantry is the purple prose and lofty sentiments expressed by companies in their mission statement, combined with a set of accounts that only the initiated can understand.

The other high-sounding phrase that has been introduced into the boardroom is corporate governance. But if the unfolding Enron saga is disclosing anything, it is that corporate governance is sometimes not worth the (shredded) paper it is written on – and,

boy, is there plenty of paper! Should the people involved in implementing corporate governance not have their hearts in the right place and just be going through the motions, the process becomes a charade. You can have all the non-executive chairpersons, non-executive directors, remuneration committees, audit committees, environment, health and safety committees and external auditors you like, but things will go hideously wrong if ceremony has replaced substance and cynicism is the order of the day. Some non-executive directors sit on so many boards that it is physically impossible for them to exercise their fiduciary responsibilities properly. Worse still is a situation where the Chairman and CEO are one and the same person and he has managed to load the board with his buddies. If things go right, they are the first to congratulate him and approve a handsome bonus. If things go wrong, they are the last to ask the tough questions needed to expose malpractice. They would prefer to have the wool pulled firmly over their eyes even though ignorance is no excuse in terms of the law. At least, the Enron saga will mean that shareholders will no longer rubberstamp the appointment of external auditors and non-executive directors. They will want them as *real* representatives to monitor what management is doing. But as we shall argue later on, we believe this representation should be extended to other types of stakeholders as well.

So reform is critical for business to restore its reputation, particularly as its presence in society rivals that of the Church in the sixteenth century. Hence we see business as establishing a new and broader role model, in keeping with modern times, rather than going back to the old one. Another word for this type of change is *shapeshifting* – liberating ourselves from the old form that defined and constrained us in the past and morphing into a completely new being, with new characteristics and potential for the future. The catalyst to which we refer often in this book and which will assist us in the process of shapeshifting is *sustainability*. Unfortunately, the word is almost a cliché now; but the idea behind it remains a powerful source of inspiration and is responsible for an umbrella movement encompassing as diverse a group as you can imagine - academics, avant-garde entrepreneurs, mother-earthers, pop-singers, students, housewives, activists in non-governmental organisations (NGOs), organic farmers, green scientists and politicians, etc. They all share one thing in common: an interest in improving human wellbeing by seeking a proper balance between social, economic and environmental change. Of course, the position of the fulcrum on which these three fields should be balanced differs considerably from person to person.

More than this, however, sustainability is a new way of perceiving business – its purpose, its methods and its impacts. For those companies that can adapt and respond quickly and intelligently enough, there are new markets to capture and profits to be made. For those that are ill prepared, sustainability is going to become a significant financial burden, even a threat to corporate survival. In writing this book, therefore, we primarily have in mind people in business or people who are concerned about business – especially managers and professionals focused on improving the performance of companies amidst the complexity of budget constraints, market pressures, customer demands, community

needs and profit expectations. It is an attempt to help companies to change in preparation for a very different future.

The book, however, is not only about business putting its own house in order. It is about business embracing the concept of sustainability, whether for reasons of moral conviction, fashionability, practical necessity, image burnishing or business opportunity. But the commitment must be there. In order for companies to make real progress towards sustainability, it is obligatory that a fundamental recognition occurs at some stage that we face a serious global crisis. The fact of the matter is that, apart from the bad magic of September 11, 2001 which has captured most of the public's attention, our lifestyles, our products and our business processes are unsustainable. Sooner or later, they will harm or even destroy us and those around us – our health, our social fabric and our natural ecosystems. We know this because it is happening already. This book is for companies that have the foresight and the courage to be part of the solution, rather than remain the problem. Nonetheless, we have things to say to the die-hards too. However unpleasant the advice may sound, it constitutes a warning which should be heeded by them.

The book begins by looking at the nature of evolutionary change and defining the process of shapeshifting. It goes on to its central message that business needs to reform itself by shedding the predatory nature of a *lion* and taking on the more harmonious and compassionate character of an *elephant*. We then trace the history of sustainability from the original pioneers of the concept to the present, emphasising that sustainability is only possible if every level of society participates in the shapeshifting process. Arising from this, we seek to explain – by comparing the old paradigm with the new one – how companies and economies can *really* become sustainable. In the last chapter, we offer contrasting 'lion' and 'elephant' scenarios for the future of the world and outline the current options available to business. Finally, we make some practical recommendations on how CEOs – and all of us for that matter - can shapeshift: starting now.

So, welcome to the show. We invite you to pack your trunks and join us, as we try to spot what Destiny has up her sleeve. Eventually, we hope to persuade you to join us in starting a chain reaction where one day the international community will say: it's a miracle how business has turned its back on unreasonable greed. Mahatma Gandhi summed up our message better than we can: "The Earth has enough for everyone's need but not for everyone's greed". We want to prove that lions *can* change their manes even if leopards can't change their spots. The reason: pragmatic!