

CORPORATE RESPONSIBILITY AND RESTORING THE AMERICAN DREAM

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There's been a lot of buzz recently about "corporate responsibility" and depending on your vantage point, it is either a tribunal of angry tree huggers descending on your Board of Trustees or it is a *get-out-of-jail-free-card* for corporate villains. I think the truth, as usual, is somewhere in between. In either case however, an honest exploration of this issue begins by asking a difficult question: *is it possible for corporations to be both profitable and philanthropic?*

And when I say philanthropic I don't mean socking away huge profits at the expense of people or environments then making large donations to the non-profit sector as a way of avoiding taxation. There has always been something tragically inverted to me about that this kind of philanthropy because it forces corporations into the role of the Robin Hood, if you will, stealing from the common good then giving to the self-appointed -poor of non-profits; who, and this is the irony, are always playing catch-up with the very same social ills their corporate supporters have often created. This, it seems to me, is the proverbial dog that chases his tail into exhaustion.

True responsibility is always most valuable when the incentives for corporations to act in the public interest are placed *up front* where the charity will do the most good—*in the community being served*. While the spirit of this is almost completely lost today, a good example might be how network news departments came into being.

At the inception of television, the idea was that the airwaves belonged to people. And believe it or not, they still do. They belong to all of us. So in return for allowing, say, the American Broadcasting Company to profit from our publicly owned airwaves, they were expected to perform some kind of public service. In this case, the FCC mandated that any company doing business over the public airwaves must provide an unbiased venue for the Free Press to function. It was really quite a brilliant solution because not only did the networks profit handsomely, they also improved the public

good *immediately*, and did so by upholding the First Amendment of the United States Constitution. It was a win, win, *win* situation.

Now, I can hear my critics already saying: “that’s all well and good but what you’re not telling them is that forty years ago the news departments almost always ran at a loss to the network”. Yes, I concede that is true. The refutation, of course, was that the relatively small losses incurred by the news departments were offset by the gargantuan profits networks they enjoyed from selling advertising over the public airwaves. Providing a venue for the Free Press was simply a way of repaying the public for the privilege of using their property.

That argument, however, did not hold water for very long and by the mid-to-late 1970’s we began to see the corporate arm of the networks enforcing stricter fiscal policies over the news department until, well...just turn on your television today and look at the nonsense being passed off as journalism. The news departments are indeed profitable now, but they offer little to the public in the way of truth or information and instead find themselves peddling only those products which are *profitable*: sex, gossip and fear. That is because when we remove the idea of public service from any commercial equation we always get the same degraded product in the end. This is what happens when *profit* is allowed to determine *value* instead of the other way around. But I’ll talk more about that later.

Again, I can hear my corporate colleagues screaming “Traitor! Why should a self-respecting CEO allow any single division to operate at a loss?” I think that this is a more complex question than it at first appears because imbedded in it are terms and ideas that have been pre-defined by a corporate culture that is forced to classify a “loss” as something found exclusively in a financial ledger.

But I might define “loss” more broadly than that. I might include a reduced standard of American living as a “loss” to any native corporation. I could make a sound argument for why a degraded system of education for our children constitutes a real capitol loss, or how unhealthful air, compromised groundwater, and an epidemic of unwholesome food represent devastating losses to the inherent *value* of our private sector.

And while many of these social and environmental ills are used to vilify corporate culture, I think that’s too broad and quite frankly, too *easy*. And that’s because I believe in the basic goodness of all people and so I refuse to accept that the participants in this room today, some of the most thoughtful members of the American corporate community, care more about profit than their own country.

I think an unfortunate mythology that has grown up around the CEO, and maybe some of it is justified by a recent wave of corporate greed, but most of us are not these comic book bad guys looking to exploit the world. We are, like most Americans, good and generous people who would like think that our efforts have brought some good to bear on the world.

So how has it happened? How is it that Corporate Action, the thing which once made this country rich in many ways, has managed to become so myopic, so singularly focused on profit that it has compromised the very American standard it once helped to erect?

Well, I know there are a lot of you out there who are way ahead of me on this because I have talked to many of you and almost uniformly, I get the same answer: *Wall Street*. Now I'm not here to vilify any single person or institution because we all play a part in making the system dysfunctional...but I will say the that the current criteria for determining the *value* of a company has tyrannized our corporate leaders with such a daily assault of profit-mongering, power-brokering and shameless manipulation that the modern day CEO has been reduced to role of croupier: we push the money in, we push the money out and we don't have much to say about it anymore.

Sam takes a pause.

I guess I haven't done a very good job at concealing my bias...and yet maybe that's the point. As corporate leaders, maybe we shouldn't always conceal our opinions and feelings—particularly about the influence Wall Street has on our policies. After all, they are our strategic partner in this dance, why shouldn't we tell them when they are stepping on our toes?

I remember one CEO told me how his daughter started waking up at dawn to hide the Wall Street Journal from him. It took him weeks to figure it out until one day he found two months worth of newspapers under her bed. When he asked her why she did it, she said something that changed his life. She told him that his reaction to 'The Journal' took all the fun out their mornings together. That man immediately went to the phone and cancelled his subscription. And the irony was that his company was doing very well at the time, but he lived in a state of continual dread that some brokerage firm, based on its own investment agenda, was always about to drop the other shoe.

Now I am not suggesting that we cancel our subscription to the Wall Street Journal or use brokerage houses as a scapegoat for all of our problems. However, I am saying that we, as captains of our corporate ships,

not only have a right but also a responsibility to stand up to any kind of piracy. We must forge a new standard, one that sees beyond the borders of a profit-centric system and extends its vision into the territory of a new, holistic, community-based standard for success.

The problem of course, is what shall we use? If not profit, then what will be our gauge for viability? It is here that I come to the crux of my argument: I see a new way of organizing our commercial life, one that begins by drawing a very clear distinction between *profit* and *value*.

Profit is really nothing more than a by-product of a process. It's the leftovers, really, because it is what we have at the end of our efforts. *Value*, on the other hand, is the main course. It is what we serve our customers, our friends, our employees, our community our stockholders. *Value* is the *substance* of our efforts. Would you design and prepare a meal for your family around the leftovers? Of course not. Well, your company is what you are serving. And America...your family.

That's what I meant earlier when I said that we always get the same degraded product whenever we remove the public good from a commercial equation. The most fundamental law of the universe is *Service*. Everything alive, everything in motion, must increase the greater good or risk extinction. That which does not maintain or improve the well being of *everything* inside the system...dies. So in order to thrive, a thing must, first and foremost, provide *value to the system*.

Profit, on the other hand, doesn't quite fit into the scheme of natural systems. And that's because profit is a human invention. It's a function of currency. Profit is not the goal of natural systems, but rather a by-product of right functioning. The lion does not *profit* from its kill so much as it maintained by it. And while the prey certainly has the less favorable end of that transaction, even *it* is providing a *service* and a *value*—not only to the lion but also to it's own kind whose population is balanced by this ultimate sacrifice. And if there is any *profit* for the lion and it's prey, it is not measured by their tiny self-based gains, but rather by each having found their right place in a magnificent system of universal *multiplication*.

When we perceive things in this way something remarkable begins to happen: *the world moves*. Our understanding of the universe makes a quantum shift to reveal a *new* kind of system, one that has made the epic transition from competition to *cooperation*.

So, when we find ourselves competing for money or resources or customers or markets or product or whatever, it is not a failure of the system to provide for us, but rather a failure of *our entire world community* to

perceive the universe as it really is—in full cooperation and lacking absolutely nothing.

So what am I saying with all of this?

I am saying that as leaders, we must bring our corporate and financial systems in accord with the principles that maintain the universe; the foundation of which is *Service* and *Abundance*. And we will realize this dream when we have the courage to stand against a coercive, unnatural system of profit that crowns greed king and enslaves even those who are in agreement.

Then we will begin to see and run and vision our companies in terms of their *value*: the product we make, the people we employ, the homes we help pay for, the children we educate, the families we support, these are what that lie at the heart of any successful commercial transaction. *Value*, not profit, is what drives the American Dream and we, as corporate leaders, are the purveyors and the guardians of this *Value*.

No single group is in a better position to bring about this change than the CEO's of the richest, most powerful country in the world. But it is going take the bravest among us to stand up and claim a new day and a new way for American Business. And on that day, we will not need to take a “position” on corporate responsibility because it will simply be our way of doing business. We will *all* be the beneficiaries of this new commitment as our financial systems move the world from the brutality of *competition* to the peace and plenty of global *cooperation*. *This* is the creative potential of everyone here today and it is the force for change each of us represents. We can and will restore the American Dream because it is our highest purpose. Just as transforming the world through trade...is our most sacred call.

Thank you very much.