

Book Review

Book Review—Conscious Capitalism (Liberating The Heroic Spirit Of Business)

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Book: Conscious Capitalism(Liberating The Heroic Spirit Of Business)

Authors: John Mackey& Raj Sisodia

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About the Authors



□ **John Mackey** is an American businessman. He is the current co-CEO of Whole Foods Market, which he co-founded in 1980. Named the Ernst & Young Entrepreneur of the Year in 2003, Mackey is a strong supporter of free market economics. He is currently drawing a remuneration of US \$ 1 as CEO.



□ **Raj Sisodia** is one of the thought leaders of the Conscious Capitalism movement globally. His book- "Firms of Endearment: How World Class Companies Profit from Passion and Purpose"-is considered a foundational work in explaining the precepts and performance implications of pursuing a conscious approach to business. It was named one of the best business books of 2007 by several organizations, including Amazon.com. Raj has an MBA in Marketing from the Bajaj Institute of Management Studies in

Mumbai, India, and a Ph. D. in Marketing & Business Policy from Columbia University. In 2003, he was cited as one of "50 Leading Marketing Thinkers" and named to the "Guru Gallery" by the Chartered Institute of Marketing. Bentley University honored him with the Award for Excellence in Scholarship in 2007 and the Innovation in Teaching Award in 2008. He was recently chosen as one of ten "Outstanding Trailblazers of 2010" by Good Business International, and one of 2010's "Top 100 Thought Leaders in Trustworthy Business Behavior" by Trust Across America.

About The Relevance of The Book

Out of some 16-17 forms of economic systems the only surviving system is capitalism. After the fall of Soviet Union and mid -course correction by the Chinese leadership, communism is all but extinct. Capitalism has also some glaring weaknesses. Many thinkers like Bill Gates are striving to highlight these and ensure more durable form of capitalism evolves. The book is described as a Wall Street Journal-Bestseller of the year.

Advance praise of The Book By Some Well-known Persons

The following selected representative thoughts by prominent business leaders are testimony of great reverence shown by them to the work of the authors.

"I have long believed that companies have a responsibility to balance profitability with a social conscience, yet a few leaders have an inherent understanding of just how to do it"

-Howard Schultz Chairman, President & CEO Starbucks

"This book provides the script for much-needed different narrative for free-enterprise capitalism. Business need not be driven by a purpose higher than maximizing profit and they must ensure optimal benefits to all stakeholders. Only if that happens can capitalism deliver to all humanity the full societal benefits it is capable of"

-Ratan Tata , Tata Sons

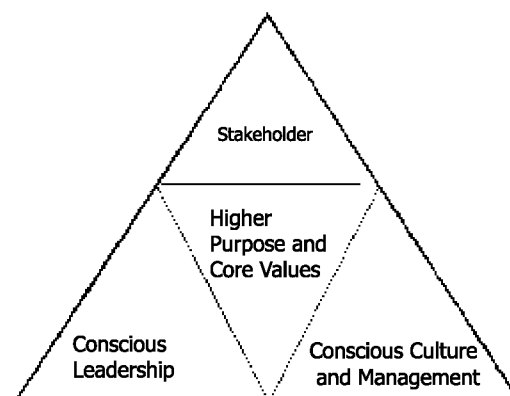
"Conscious Capitalism is a welcome explication and endorsement of the virtues of free –enterprise capitalism- properly comprehended, there is no more beneficial system and simultaneously pragmatic and inspirational extolment of higher purpose and humanism in business. I hail and revere the tenets of Conscious Capitalism"

-Herb Kelleher Chairman & CEO Southwest Airlines

Brief Overview of The Book

The foreword is written by distinguished Harvard Professor Bill George who is author of four books including most famous "True North" comprising of interviews of 125 business leaders. He was CEO of Medtronic when the market capitalization went up from \$1.1 billion to \$60 billion. In the Introduction the authors have covered the Awakening, Capitalism's contribution in the recent past and some of the ills. The heroic spirit is expounded at length. The authors have elaborated the following four tenets in the four Parts of the book

Four Tenets



Higher purpose and core values

When companies start thinking about the purpose of existence beyond a mere profit making they articulate to higher purpose which heroic, meaningful and relevant to the society. This was termed as Good, True and Beautiful by Greek philosopher Plato. Our Indian equivalent is, of course, Satyam Shivam Sundaram. Purpose is most powerful when it taps into a universal human truth. Purpose must come before formulating a business strategy. Purpose, mission and vision are often used interchangeably. However there is subtle distinction as lucidly explained Prof Jerry Porras. Purpose refers to the difference you are trying to make in the world, mission is the core strategy that must be undertaken to fulfill the purpose and vision is the vivid, imaginative conception or view that the world will look once your purpose is realized.

Stakeholder Integration

Traditional businesses often treat their stakeholders other than investors as means to achieving their ultimate goal of profit maximization. A conscious leader will strive to perfect symphony and aligning of interests of all the stakeholders. So he will create loyal and trusting customers. He will lead a team of passionate and inspired associate employees. There will be collaborative and innovative suppliers. This will lead to flourishing and welcoming community. Even the outer circle stakeholders like Government and the regulatory authorities, media, activists will have no issues to raise. The synergy will be noticeable.

Conscious leadership

Conscious leaders have analytical, emotional, spiritual and systems intelligence. Some of the other traits they display are high integrity, capacity to love and care, coaching and mentoring, courage of conviction, timeless wisdom. They rely more on servant leadership than the other styles.

Conscious culture and management

Conscious culture has seven characteristics trust, accountability, caring, transparency, integrity, loyalty and egalitarianism-TACTILE. Conscious management focuses on decentralization, empowerment, innovation and collaboration.

Appendices

In the three Appendices at the end, the business case of the conscious capitalism is put forward.

Superior performance is illustrated with examples of companies employing conscious capitalism in the aspects of high sales, better margins, low marketing costs, lower turnover of team members and lower administrative costs.

Related ideas of conscious capitalism are surveyed and how they are different has been brought out. They include:-

1. Natural capitalism by Paul Hawken.
2. Triple Bottom Line by John Elkington (TBL)
3. Shared –value capitalism by Michael Porter and Mark Kramer (SVC)
4. Creative capitalism by Bill Gates at Davos in 2008
5. Benefit corporations (B corporations)

Finally some misconceptions of conscious capitalism are addressed.

- Conscious capitalism is just “putting lipstick” on a pig. Business is still all about profits.
- Conscious capitalism works only in good times.
- Conscious capitalism is a luxury good; only companies in high-end markets can afford it.
- Wall Street will never see the value of Conscious capitalism.
- Becoming a conscious business requires changing everything and is thus impossible.
- What gets measured gets managed. There are too many intangibles here.
- It is confusing for managers to be told

Concluding Remarks/Reviewer's Recommendations

In India businessman is viewed with suspicion and is seen as exploiter of the common man. Society, Government, regulatory bodies are on the look out to book CEOs on the smallest of doubt. Recent approach by CBI in coal cases is indicative enough to support this impression. Efforts are on to make Corporate Social Responsibility (CSR) as mandatory through legislation. Mr N R Narayana Murthy referred to this concept during his recent participation in a panel discussion on NDTV Profit.

The thoughts expressed in this book are useful to all stakeholders. It will make some CEOs, enjoying disproportionate remuneration and perhaps getting golden parachutes, to perform a serious introspection. It is recommended that students, faculties and business leaders should read this book as it provides good insight about the contemporary approach of the thought leaders.

Finally in the words of Mahatma Gandhi a businessman is a “mere trusty, caring, loving and compassionate but not a possessive owner.”