What Boards Must Do in the Age of CONSCIOUS CAPITALISM

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What Capitalism has Enabled

Real GDP per Capita (2000 $)

1750: Industrial Revolution Begins
1776: Wealth of Nations/US DoI

Sources: www.VisualizingEconomics.com; Angus Maddison, University of Groningen; www.prb.org; www.worldbank.org
Capitalism is Ending Poverty on Earth

If current trends continue, extreme poverty will be virtually eliminated in the next 50 years.

“My dream is that our grandchildren will have to go to museums to see what extreme poverty was like.”

Muhammad Yunus

Source: World Bank (2003 dollars)
Business is good because it creates value, ethical because it is based on voluntary exchange, noble because it can elevate our existence, and heroic because it lifts people out of poverty.
Yet, Trust in Big Business has Plummeted

% of Americans with a "Great Deal" or "Quite a Lot" of Confidence in Big Business

Such cynicism and distrust have very high societal costs

Source: Gallup
WHY has this happened?

- THE WORLD has changed
- PEOPLE have evolved
- BUSINESSES have not adapted
In 1989, for the first time in U.S. history, the majority of adults were over 40.
Who is this man? What did he do to change the world?

Tim Berners-Lee

More Connected

There are now more active phone numbers than there are people.

Facebook now has over 1 billion members.
THE FLYNN EFFECT

More Intelligent
# Rise of Feminine Values

<table>
<thead>
<tr>
<th>Masculine</th>
<th>Feminine</th>
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<tbody>
<tr>
<td>compete</td>
<td>collaborate</td>
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<tr>
<td>hierarchies, rules</td>
<td>networks, alliances</td>
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<td>infiltrate</td>
<td>adapt</td>
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<tr>
<td>firm</td>
<td>flexible, compromising</td>
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<tr>
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<td>understanding</td>
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<td>tough</td>
<td>discussion, open</td>
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<tr>
<td>achievement</td>
<td>relationships</td>
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<td>disciplined</td>
<td>learning</td>
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Fully mindful and awake
Understand all the consequences of our actions
Greater commitment to the truth
A finer sense of right and wrong
Reject violence
More inclusive
Live in harmony with nature
“The dogmas of the quiet past are inadequate to the stormy present...
As our case is new, so we must think anew, and act anew.”
What will it take for companies to flourish in the future?
A HIGHER PURPOSE

DECLARATION OF INTERDEPENDENCE

19:1 SALARY CAP

93% STOCK OPTIONS TO NON-EXECS

100% SALARY TRANSPARENCY

80% LOWER SPEND ON MARKETING

1800% RETURN OVER 10 YEARS

THE FLOOD
The Tenets of Conscious Capitalism

- Higher Purpose
- Stakeholder Integration
- Conscious Culture & Management
- Conscious Leadership
Can you build a business on love?
Love and work are the cornerstones of our humanness.
Heart attacks are highest on Monday mornings.
STATE OF THE AMERICAN WORKPLACE
EMPLOYEE ENGAGEMENT INSIGHTS FOR U.S. BUSINESS LEADERS

THE “SHAME” OF MANAGEMENT?
COMPASSION
LOVE
CARING
SOULFUL
JOY
AUTHENTICITY

Firms of Endearment
How World-Class Companies Profit from Passion and Purpose
Raj Sisodia  Jag Sheth  David Wolfe
with a foreword by Warren Bennis
Stock Returns 1996-2011

- S&P 500 (157%)
- “Good to Great” (177%)
- “FoE” (1646%)
Stock Returns 1998-2013

“FoE” (2454%)

21-to-1

“G2G” (92%)

S&P 500 (118%)

“E2E” (107%)
It matters how you make the money.
Businesses Create But Can Also Destroy Many Kinds of Wealth

financial

intellectual

social

emotional

spiritual

cultural

physical

natural
An Agenda for Boards

First duty is to the corporation, *not* the shareholders

Understand and shape the company's higher purpose

Consciously create value for all stakeholders

Appoint strong leaders with a capacity for love & care

Focus on the leading indicators of success

Measure and improve the culture

Ensure youth and feminine perspectives are heeded
Questions for Board Members

Is our company positioned for the future?

Will we be able to compete with truly conscious competitors?

What am I doing to raise my own consciousness?
“We must be the change we want to see in the world.”
We are all in the same boat

I'm sure glad the hole isn't in our end...
Humanity is one spirit.

Natural resources are finite.

Our inner resources are infinite.
Those of us alive today can choose to lead the most meaningful lives humans have ever led.
Books for Conscious Capitalists

Man's Search for Meaning by Viktor E. Frankl

Thinking, Fast and Slow by Daniel Kahneman

The Future of Management by Clayton Christensen and Bruce Henderson

Managing for Stakeholders by R. Edward Freeman, Jeffrey R. Harrison, and Andrew C. Wicks

Peak by Chip Conley

It's Not You, It's Your Company: How Great Companies Fuelth Their Mojo from Maslow by Ray M. Spence, Jr. and Patty Wrede

Firms of Endearment by Raj Sisodia, Jag Sheth, and David B. Wills

Liberating the Heroic Spirit of Business by John Mackey and Rajendra S. Sisodia

Conscious Capitalism: Liberating the Heroic Spirit of Business by John Mackey and Rajendra S. Sisodia

Conscious Business: How to Build Value Through Values by Raj Sisodia, Jag Sheth, and David B. Wills

Ender's Game by Orson Scott Card

The Art of War by Sun Tzu