

NEXT-LEVEL LEADERSHIP

Rand Stagen
March 5, 2019



**CONSCIOUS
CAPITALISM**



Southwest® 

WHOLE
FOODS
MARKET




Panera
BREAD®



NETFLIX



THE NEXT LEVEL

*“You cannot solve a problem
from the same level of thinking
that created the problem.”*

– Albert Einstein

NEXT LEVEL

CURRENT LEVEL

THE UNLOCKING MOVES



THE NEXT LEVEL

	CURRENT LEVEL	NEXT LEVEL
PURPOSE	Single Bottom Line	Double Bottom Line
LEADERSHIP MINDSET	Shareholder-oriented	Stakeholder-oriented
TIME HORIZON	Short-term	Long-term

THE NEXT LEVEL

CURRENT LEVEL

NEXT LEVEL

PURPOSE

Single Bottom Line

Double Bottom Line

LEADERSHIP
MINDSET

Shareholder-oriented

Stakeholder-oriented

TIME
HORIZON

Short-term

Long-term

BLACKROCK

\$6.44 Trillion

AUM



“Purpose and Profit: An Inextricable Link”

Larry Fink

Founder & CEO, Blackrock





Our purpose is to democratize the skies



Our purpose is to save our home planet



Airbnb exists to create a world where anyone can belong anywhere

S T ^ G E N

Member Company Purpose Statements



Our purpose is to nourish people and the planet



slalom

Our purpose is to help you reach for and realize your vision



We exist to conquer complexity



Cooper Aerobics™
HEALTH & WELLNESS

Our purpose is to improve the quality and quantity of life



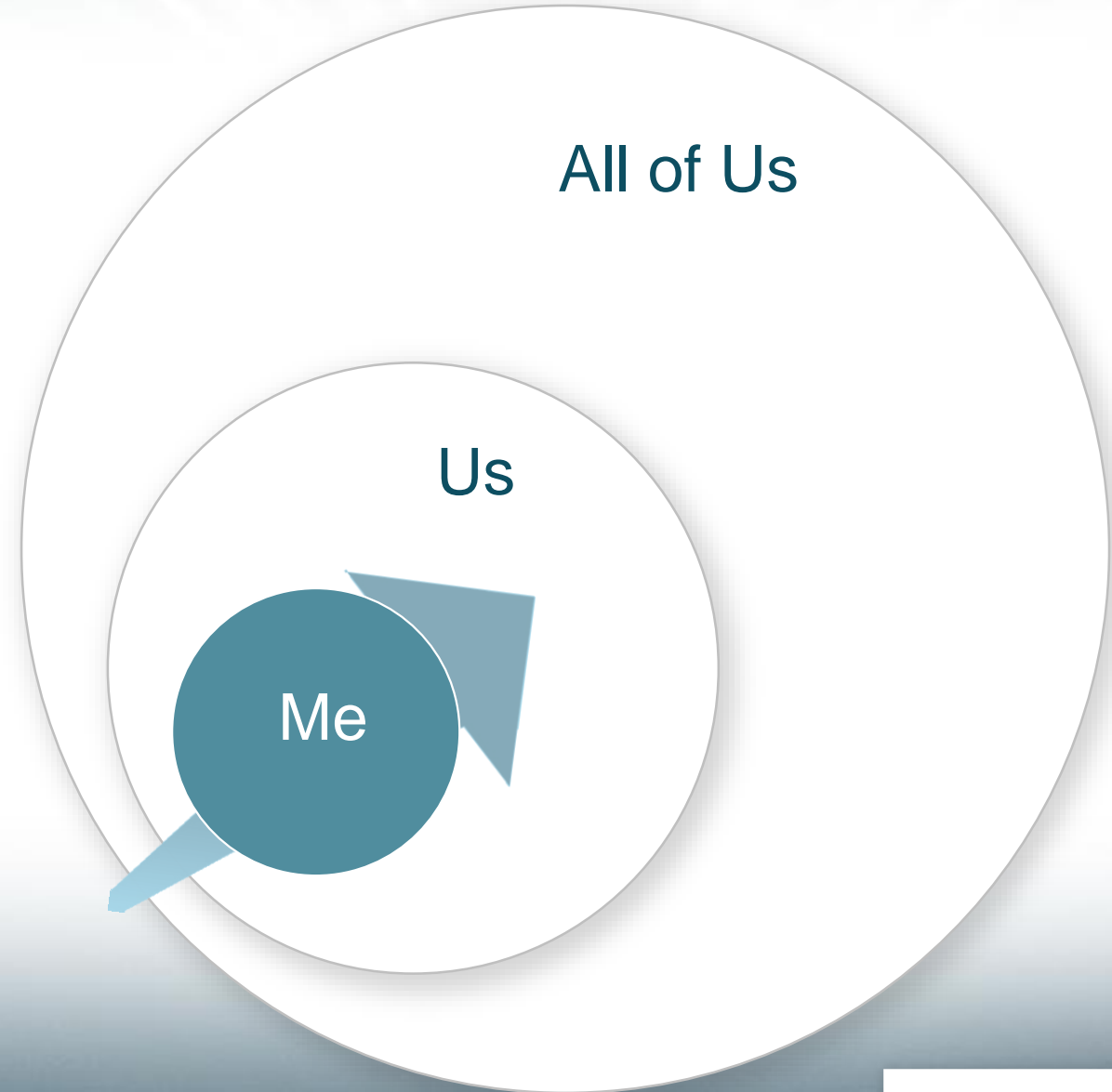
Our purpose is to glorify God and enrich lives as we deliver
the most trustworthy source of power to the world

THE NEXT LEVEL

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THE LEADERSHIP MINDSET

*“Tell me what you
care about and
I will tell you how
big you are.”*



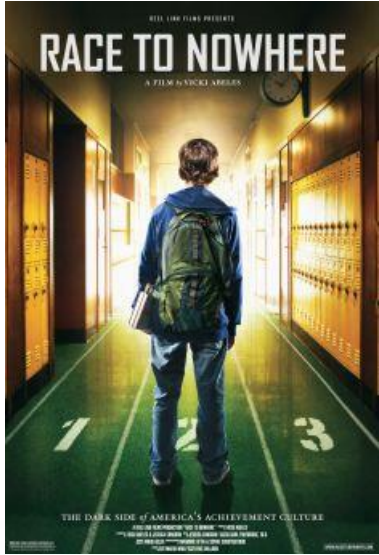


“We should be about more than just selling chicken. We should be a part of our customers’ lives and the communities in which we serve.”

– S. Truett Cathy

STAKEHOLDER MAPPING





Employee Key Need:
Compensation

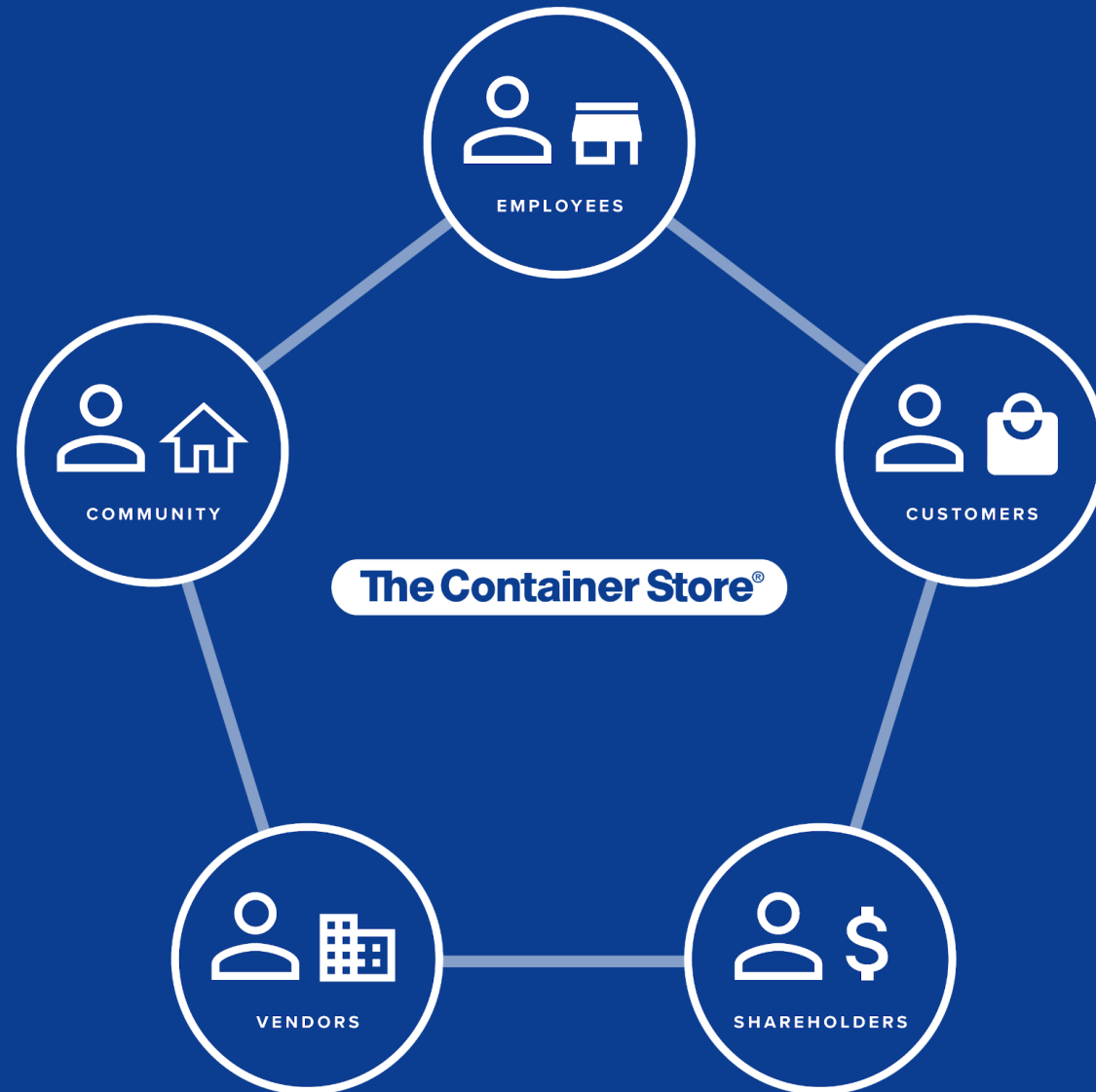
Shareholder Key Needs:
Revenue & New
Customers

Parent Key Need:
Learn how to be a
better parent

School Key Need:
Strengthen relationships
with parent community

Distributor Key Need:
Broader distribution for
independent films





**Our purpose is to simplify people's lives
through the power of organization.**



ELMER CHOCOLATE®

S I N C E  1 8 5 5



Celebrate with Chocolate®



Shareholders

Key Partners

Bring Joy to Life's Celebrations

Consumers

Customers

Colleagues

A Gift to Make People Smile

“The capitalist system is under siege...A big part of the problem lies with companies themselves, which remain trapped in an outdated approach to value creation that has emerged over the past few decades.”

Michael Porter
Harvard Business School





CSR → CSV

- › Value: doing good
 - › Citizenship, philanthropy, sustainability
 - › Discretionary or in response to external pressure
 - › Separate from profit maximization
 - › Agenda is determined by external reporting and personal preferences
 - › Impact limited by corporate footprint and CSR budget
 - Example:** Fair trade purchasing
- › Value: economic and societal benefits relative to cost
 - › Joint company and community value creation
 - › Integral to competing
 - › Integral to profit maximization
 - › Agenda is company specific and internally generated
 - › Realigns the entire company budget
 - Example:** Transforming procurement to increase quality and yield

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“Most people overestimate what they could do in one year and underestimate what they could do in ten years.”

Bill Gates

McKinsey & Company

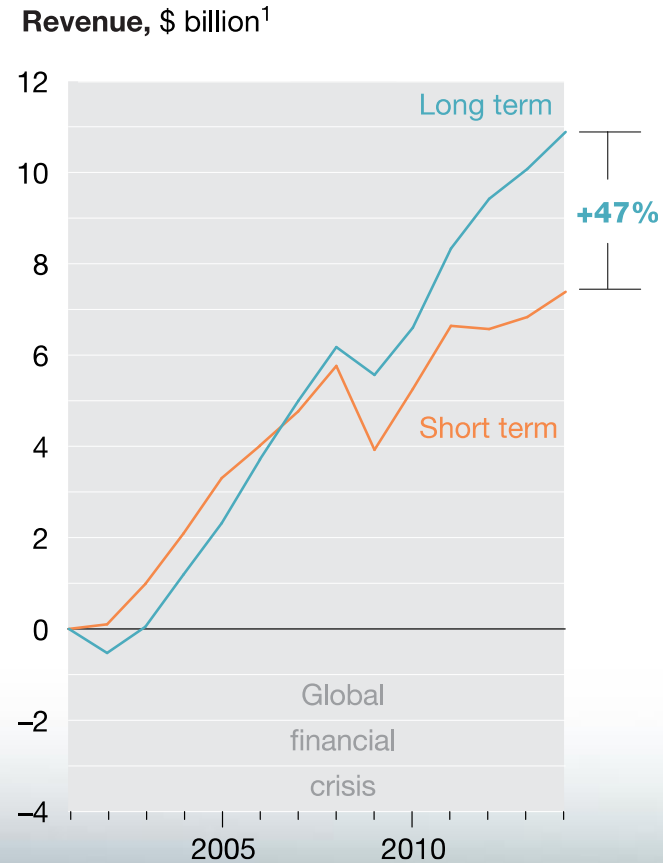
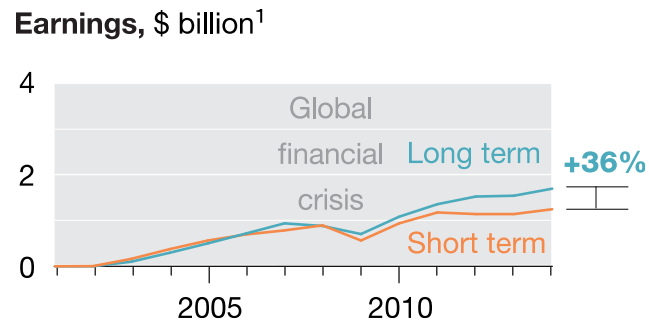
Long-term companies vs. short-term companies

Corporate Horizon Index methodology

Indicator	Hypothesis	Measurement approach
1 Investment	Long-term firms will invest more and more consistently than short-term firms	Ratio of capital expenditures to depreciation
2 Earnings Quality	Long-term firms will generate earnings that reflect cash flow, not accounting decisions	Accruals as a share of revenue
3 Margin Growth	Short-term firms are more likely to grow margins unsustainably in order to hit near-term targets	Difference between earnings growth and revenue growth
4 Quarterly Management	Short-term firms will do whatever they can to hit short-term targets, whereas long-term firms are willing to miss them if needed	Incidence of beating EPS targets by less than 2 cents and incidence of missing EPS targets by less than 2 cents
5 Earnings-per-share Growth	Long-term firms are less likely to over-index on EPS rather than true earnings and act to boost EPS (e.g., with buy-backs)	Difference between EPS growth and true earnings growth

McKinsey & Company

Long-term firms exhibited stronger fundamentals and performance than all others



TOP CONSCIOUS BUSINESS LEADERS 2018

CONSCIOUS COMPANY



THE MONEY ISSUE

THE FUTURE OF FINANCE

+

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LEADERSHIP

A CALL FOR LONG-TERM CAPITALISM

Capitalism is stuck in a state of pathological urgency that's harmful to us all, including our businesses' bottom lines. So why can't we snap out of it?

BY RAND STAGEN

The vast majority of CEOs, board members, and investors in power at larger public organizations today have been conditioned and rewarded to deliver short-term results at the expense of long-term organizational health. Not hitting your numbers as a CEO? No problem; simply buy blocks of your own shares, raise the share price, get your bonus, and deliver quick cash to short-term investors. According to *the Economist*, share buybacks "have become a kind of corporate cocaine that induces a temporary feeling of invincibility but masks weakness and vacuity."

The rising popularity of share buybacks is just one symptom of an epidemic of pathological urgency negatively impacting our communities and society at large. Our mass culture seems almost enslaved to the immediacy of social media and always-on communication tech. Our politics have become so infected with chronic urgency that campaigns run on media soundbites and promises that pandor to the short-term demands of lobbyists and voters. And

like an addict getting a quick fix, we're depleting natural resources at a rate faster than our environment can possibly regenerate. We have become far too accustomed to instant gratification and immediate results, and our planet, communities, and prosperity are suffering as a result. The good news is that it doesn't have to be this way. Fueled by a looming existential crisis, today's most conscious business leaders are catalyzing a massive evolutionary shift in our culture at large, one that's related to developing their own capacity to think and act for the long term — a skill I call "deciding." By committing to their own emotional and psychological development, these trailblazers are creating conditions for our whole society to move into a healthier and more sustainable future state. The work they're doing is challenging, but it's not random or haphazard; the internal developmental path is well documented. But to truly transform our culture, we need more business leaders to join them. Here's why and how.

THE BUSINESS CASE FOR LONG-TERMISM


Our understanding of human psychological development is informed by decades of work by researchers such as Jean Piaget, Abraham Maslow, Lawrence Kohlberg, James Fowler, Jane Loevinger, Robert Kegan, et al. Amazingly, these independent studies documented a common pattern in which individual development unfolds in predictable stages of vertical development. These stages, also referred to as levels, represent milestones of increasing mental, emotional, and spiritual complexity. In short ... consciousness complexity. Drawing on this substantial body of work, American philosopher Ken Wilber mapped out the implications of individual consciousness development on societal development. He posits that when 10 percent of a societal population reaches the leading edge of consciousness development, a tipping point is achieved where the qualities of the leading edge begin



TIMELINE: THE RISE OF THE LEADING EDGE

Since 2008, a new cohort of leaders who can help tip our culture away from short-termism has been emerging. Here's a brief history of some key moments and players.

- 2008 – Whole Foods Market CEO and co-founder John Mackey launches the Conscious Capitalism™ movement to promote higher levels of consciousness in business.
- 2009 – Paul Polman becomes CEO of Unilever and shocks the market by eliminating earnings guidance on his first day in the job and urging shareholders to put their money somewhere else if they don't "buy into this long-term value-creation model, which is equitable, which is shared, which is sustainable."
- 2009 – Vanguard founder and former CEO John Bogle, former US secretary of commerce Barbara Hackman Franklin, and Berkshire Hathaway's CEO Warren Buffett join a coalition through the Aspen Institute calling for us to overcome short-termism.
- 2010 – Jay Coen Gilbert and his partners establish the first B Corp (Benefit Corporation) as a new legal entity in Maryland, launching a global movement to protect the legal interests of all stakeholders for the long term.
- 2011 – Harvard's Michael Porter launches the Creating Shared Value movement that promotes the economic benefits of long-term strategy.
- 2011 – McKinsey's global managing partner, Dominic Barton, commits one of the world's leading strategy firms to a long-term capitalism initiative that remains a central ideology of the company.
- 2014 – The World Economic Forum convenes global leaders in London and launches the Inclusive Capitalism movement.
- 2015 – Salesforce CEO Marc Benioff declares that Milton Friedman was wrong about the purpose of business and asserts that "the business of business isn't just about creating profits for shareholders — it's also about improving the state of the world and driving stakeholder value."
- 2015 – Michael Bush becomes CEO of the Great Places to Work Institute and re-purposes the global organization and its powerful lists into a catalyst for inclusion and long-term transformation.
- 2018 – Pepsi CEO Indra Nooyi serves on a Davos panel titled "Towards Better Capitalism" and reflects on her 12-year journey battling Wall Street while transforming her company toward healthier products. Based on her cumulative performance, her activist past-attackers and many critics have to eat crow.
- 2018 – Blackrock CEO Larry Fink mobilizes his \$6 trillion platform (the world largest money manager) to demand that CEOs of the world's largest companies demonstrate their organization's social purpose and long-term strategy.

A shattered hourglass is the central focus, with golden sand falling from its broken upper bulb. The background is a dark, starry space. The text is overlaid on the right side of the image.

THE
FIERCE URGENCY
OF **NOW**

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**CONSCIOUS
CAPITALISM**





RECOMMENDED RESOURCES

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