

Foreword

I have known Jerry Schuitema for many years both during and after his time as a television broadcaster and financial and business reporter, and this book is a welcome addition to the business books that are in circulation. More and more companies throughout the world are realising the importance of sound moral values and that having a clear-cut mission statement which is followed meticulously is the way to run a successful business. Profits flow from a values-driven business and Jerry has given us a great lead to follow in this book, and that is to be more clearly accountable for how we are trying to improve our people and our consumer society. We have in this book a blueprint for the way business should be run – in a values-driven, ethical way – and I think accountants and financial analysts should find the later sections in particular very interesting.

When I was about 26 years old, I met two remarkable men whose principles of a ‘value-driven business’ have dominated my business life. They gave me a beacon at a very young age on how business should be run. In this book Jerry Schuitema has cleverly intertwined these ideas with today’s modern realisation that a profit-driven company will often miss out on the importance of a total ethical approach to running a business. It is not just an ethical message, but chapter by chapter this book is endorsing the principle of living values, as opposed to purely worrying about the profits. Profits – important as they are – flow from focusing on the consumer or client, not only on the financial figures.

There have been many examples of businesses not following these principles. Business at its best is driven by universal values and ethics and that is what Jerry Schuitema is trying to impress on us all. We only have to look at what has happened in the world in the last few years to realise how crucial it is for this message to really sink in. This is the way of the future, this is the whisper of tomorrow, this is what business colleges should be teaching, giving a clear understanding of how important values are in running a successful business in the world of the future.

It really is a treatise on corporate governance, but corporate governance voluntarily implemented by business leaders to create a successful company, a successful economy and a vibrant country. It is a practical formula which only needs to add passion, clarity, and the heart to pursue it to the ultimate, to fulfil the aims and objectives of the company and its employees

Business must be fun and exciting and the values-driven approach gives a meaning for all people in a company to participate in every aspect of the business. It is a way to get everyone – the employees, the public, and the media – to realise that business must play a critical role in the future success of its country. The only way this will occur is by running a values-driven operation.

I commend Jerry for putting this book together in such a meticulous and meaningful way. He has played a leading role in business, and I think this pioneering work is not only timely, but deserves to be read and studied by business leaders and students in the years ahead.

Raymond Ackerman

Chairman, Pick 'n Pay

Introduction

When the *Titanic* set sail from Southampton in the spring of 1912 it was more than the biggest and best passenger ship of its time. It represented both the best and the worst of contemporary society. It was the epitome of grandeur, opulence, refinement and innovation. It was also an engineering marvel and was hailed as a symbol of man's mastery of the elements. It stood for the notion that out of man's hunger for material wealth comes greatness. In its variously classed cabins were cocooned the desires, dreams, aspirations and, later, courage and cowardice of both the elite and the common people. It was the embodiment of profit-driven greed, competitiveness, pride and arrogance. These things, not the iceberg, were what sank it.

The *Profit Motive* has also hit an iceberg. It is foundering. The *Ethics*, the *Sustainability*, and the *Good Governance* are steaming to its rescue, but they can no longer save the ship. They may be just in time to save the passengers and crew from the freezing waters. The *Profit Motive* has done what the *Titanic* did; it has challenged the laws of nature – not only the physical laws but also the natural laws of economics. A CNN/USA Today survey has revealed that company chiefs rank second-lowest among people that can be trusted; they are just above second-hand car salesmen!

In the light of headlines about fraud, corruption and corporate collapses and mis-governance, it is clear that the debate on business ethics is livelier than ever. In an attempt to address the disquiet the response has been, as it so often is, to create new rules, new prescriptions and new spin techniques such as sustainability reports, triple bottom lines and a plethora of other feel-goods. At the time of writing it was a serious question whether these new devices were doing more than establish a whole new revenue stream for accounting firms, organisational and public relations consultants and word merchants of consultant-speak ... all of it to do what good business should do naturally and has done for centuries. Nagging doubts will always be there. Indeed the debate is at its most intense in more than 40 years, casting a searchlight on the behaviour of global capital and the fundamental social and environmental challenges of our generation.

This book is not intended to do more than reflect on the current state of individual economic behaviour and its impact on companies, countries and the world. I have tried to approach the subject as a journalist should, as a messenger, a reflector and sometimes as an interpreter; to be the messenger rather than the message. I hope to succeed in highlighting the best of modern practice and touch on aspects others may have overlooked. In doing this I am adopting a 'headlining' approach, at the risk of oversimplifying. I like to think that as a broadcaster I learned the trick of condensing and simplifying without downplaying the complexities. My first book, *Econosense*, took a similar line. But

although the content had been checked by four of South Africa's leading economists, and there were favourable reviews from most of the media, one reporter wrote: 'Economics is not that simple.' I agree and disagree. There is without doubt a mass of complexity on the surface, most of which I dare say I was able to grasp and convey, over years of exposure to the front line of business affairs. The point is that to be an effective simplifier one must understand the complexity itself; but whereas it is fairly easy to come to grips with economics at the empirical level, it is more difficult to understand economics at the essentially human level. Human beings are so diverse and complex. I hope that even those who are academically inclined will find this work useful enough to test its interpretations against socio-economic theory.

During my 30-odd years as a journalist and more than 15 years as a consultant, I was privileged to meet many successful entrepreneurs, business leaders and professionals. Early on I became aware of what seemed like a contradiction. Those of us who either made business and economics news or merely followed it, felt strongly about what we saw as cornerstones of capitalism. In principle, we believed, all individuals acted in their own immediate self-interest, albeit occasionally of the 'enlightened' kind. For us the profit motive was the key to individual, corporate and national success. We regarded the rights of property owners as sacrosanct. We believed too that shareholders, as owners, had the ultimate say in the way companies were run or how they behaved. And of course we accepted without question that companies existed purely and simply to enrich the owners.

Arguably these all represent the lower traits of a human being. The higher ethical values, such as compassion, love, care for others, generosity, integrity and fairness, were seldom if ever seen as essential for good business. (This definition of values is implicit in the use of the term throughout this book. The issue is not about 'that which we value' or, to put it less mildly, desires in order of priority. There is a difference between, on the one hand, the universal, higher qualities implied by 'values' and, on the other, those desires, conventions and customs that may exist in different cultures and may or may not conflict with these values.) At the time, the suggestion that universal values are part of business was liable to raise eyebrows. To expect business to act in any way other than in the interests of shareholders was tantamount to waving a knife at the capitalist holy cow. "After all this is business, it's not personal!"

Unless, of course, business broke the law – or was guilty of outright profiteering, antisocial behaviour, corruption or fraud. Then there would be an outcry: "You see! They can't be trusted!" The simmering distrust would come to a boil and, for a while anyway, there would be nationwide debate on business ethics or social responsibility.

Wherein lay the contradiction? It was in the business leaders themselves. Around many of the most successful ones there was an air of integrity; they displayed a degree of honesty and an appreciation of higher human values. Others made a different impression. Indeed in the decade or so of being executive producer and presenter of *Diagonal Street*, a business programme for TV, I developed an intuitive sense of which businesses were reasonably strong and likely to succeed in the longer term, as against the ones likely to falter – and in the long run I was seldom proved wrong. Mostly it had to do with the leadership: people who displayed the inner human qualities invariably reflected business strength, and of those who did not, many disappeared from the scene. One thing was clear: people driven by higher human values would come to life and sparkle with passion

when we discussed their products, markets or customers; when we discussed the company figures they became bored and clipped in their responses. The opposite was often true for the others. Significantly, the best programmes in terms of viewer reaction and ratings were the ones where we had guests of the first category. There was also a distinct difference between the self-made entrepreneur and the person who was corporately groomed or typical of the ‘professional executives’ that have proliferated in company leadership. The importance of this observation only became clear to me years later when researching this work.

To compound the puzzle, as time passed I became uncomfortable with the assumption that success in economics, permeating as it does our entire transactional lives, relied on the worst and grossest qualities in human nature: avarice, fear and insecurity; that higher qualities were incidental and not really part of sound, good business. Was it truly the intention of the Creator that we should have a transactional life apart from our higher selves? Must we live in a schizophrenic world where such an important human activity is separated from the norms of individual and social conscience taught in all scripture over the ages?

During my consulting years, business leaders with strong religious beliefs often spoke about the difficulty of finding spiritual growth in a fiercely competitive, dog-eat-dog environment. They felt they led a Jekyll and Hyde existence. Again, there is an abundance of writing on this subject, but perhaps too much of it deals with personal philosophies without making a real connection with behaviour at the coalface and drawing on those experiences.

Despite reading, and living by, the *Economic Book* for most of my adult life I was never fully convinced of its conventional wisdoms. Indeed there was a growing gut feeling that the conventional drivers of good business made neither logical nor emotional sense, and it was round about the mid-1980s that I began to consider other elements and possibilities. Obviously the research had to be based on more than anecdotal experience such as I have touched on so far. Moreover, it needed to examine business in all its many facets: purpose, strategy, organisation and, above all, its measurement of success, the accounting system; failure to deal with that system to my mind makes many a potentially good book on business ethics incomplete and ineffective. Most importantly, the work must deal with personal and individual understanding of success. Companies and organisations are nothing more than a collective of individuals with their own hopes, fears, expectations and aspirations. The collective and the external environment may shape these to some extent, but the choices we make remain individual ones and are driven by our personal perceptions about the collective we are part of and our own life experiences.

To put the world in order, we must first put the nation in order; to put the nation in order, we must first put the family in order; to put the family in order, we must first cultivate our personal life; we must set our hearts right.

— Confucius

If anything, this work is a defence of business. The best kind of business is essentially driven by universal values and ethics. But while its natural state is values-driven, its behaviour very often isn't. I believe business mostly succeeds in spite of itself; in spite of its

own misconceptions about its existence! According to Bertrand Russell there is no reality but our perception of it. Change the perceptions and we can change the reality. On the other hand, there surely must be an underlying unchangeable reality based on a logical and natural existential state.

It is said that there is nothing new in this world, only history not uncovered. Much of this book relies on very old principles that our forefathers knew. Exchange comes naturally to humankind. This was articulated most clearly in the 18th century during the so-called Age of Enlightenment and the birth of ideas about individual freedom; for centuries before then, subordination to the will of nobility, theocracy and the ruling class was a feature of society. Adam Smith was only one of many intellectuals of the time who championed the cause of individual freedom. His principal contribution to the debate was to show how individual aspirations could promote national wealth.

In my view this natural state needs to be recognised anew. If we are constantly informed by it; if we constantly refer to it; and if we constantly use it as a guide to our behaviour, it will unlock our potential far more than anything we have hitherto used or relied on.

My thinking is based on one simple, fundamental axiom: ultimately, at a human level at least, our true value lies in our capacity to make a contribution to the wellbeing of others.

Transcendent transaction is a tool to put this into practice. Each transaction presents an opportunity for growth: to transcend from mundane exchange and the terrestrial to something much higher: the celestial, the spirit, the soul. For this to happen, engaging in a transaction with another means putting the other's interest above our own; for companies it means putting a higher value on service than on profit; for nations it means being an active part of a world where we rank international interest higher than national interest.