

# THE PARADOX OF GREATER PURPOSE

## Business and the Future of Capitalism

What is the purpose of business in society?

Who is it for and what roll should we as business people play?

# The Paradox of “Greater” Purpose

# A little background

THE CITY (NYC)



Brooklyn



Washington DC



Baltimore

1986

Lloyd Lamont Design

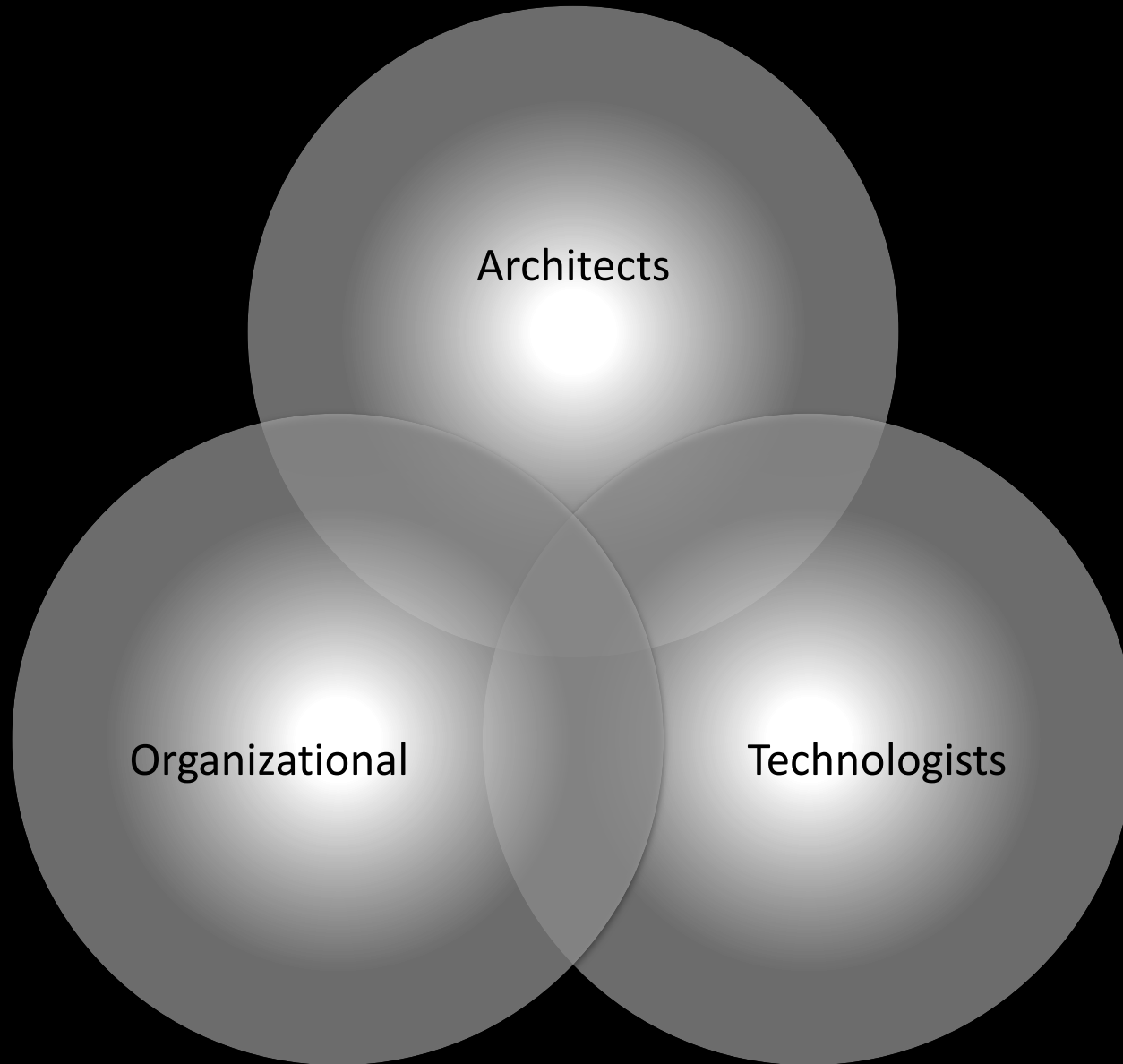
No body cares (really) what **YOU** do, they only care about what **THEY** do!

“We shape our buildings, thereafter they shape us”



# The Academy of Neuroscience for Architecture





Architects

Organizational

Technologists



STRATEGY CONSULTING  
**TWO DIFFERENT SETS OF QUESTIONS**

**MONEY QUESTIONS**

Costs and Revenue

**PEOPLE QUESTIONS**

Employees  
Suppliers  
Communities  
Customers

How do we get people to

CARE?

# Cultures of Caring

Caring = \$

# Who Do You Love?

## Raj Sisodia

Southwest airlines

BMW

Whole Foods

Unilever

Starbucks

Patagonia

IKEA

Customers  
Employees  
Suppliers  
Communities  
Environmentalists



# Now, let's talk about profit ...



Source: "Firms of Endearment: How World-Class Companies Profit from Passion and Purpose"

# FIRMS *of* ENDEARMENT



How World-Class Companies  
**PROFIT**  
from Passion and Purpose

Raj Sisodia

Jag Sheth

David B. Wolfe

with a foreword by Warren Bennis

"This book not only challenges capitalism's traditional marketing paradigm but the very 'genes' of capitalism. If any book is going to launch a new Capitalism of Caring, it is this book that redefines great companies as stakeholder value builders, not just shareholder agents."

—Philip Kotler, S. C. Johnson & Son Distinguished Professor of International Marketing at Northwestern University

# THE CONCINNITY GROUP

“Bringing together various parts to create elegant harmony.”

Firms of Endearment

Research: 2006

Launch: 2008

Global Financial Crisis: 2008

## Concinnity Advisors Trial Multi-Stakeholder Management Portfolio

Long Only vs. SPX

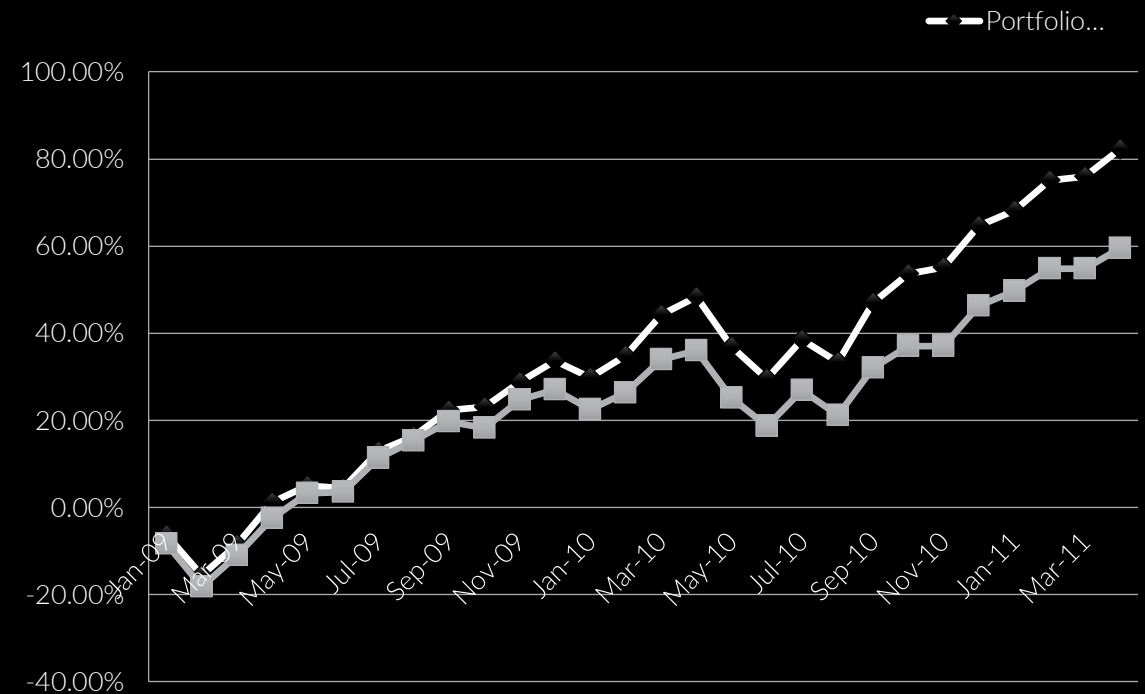
January 2, 2009 - April 30, 2011

Between 2008 – 2011  
we raised nearly \$700M

2009 – 2011

Concinnity Advisors  
MSmS

Outperforms S&P by  
3200bps



# That was the realization:

A new Narrative about What makes businesses successful, the purpose of business in society and the nature of capitalism.

# What We've been taught:

The purpose of business is to create value for Shareholders.

# What We Were seeing in real-time:

The most successful businesses intentionally create value for all stakeholders. They are instruments of society first!



# WHO TAKES THE RISK?

# EMPLOYEES

We saw companies recognize that employees bring their heart and soul to the organization and you need them to be cared for if you're going to be successful. And that there's significant risk of being an employee that should be recognized.

# SUPPLIERS

We saw companies recognize that suppliers, who are often at the bottom of the stakeholder barrel, could be turned into assets. If you treated them with care they would bring you their innovations and work more closely with you than they would with your competitors. And they take risks by working with companies who don't care for them.

# COMMUNITIES

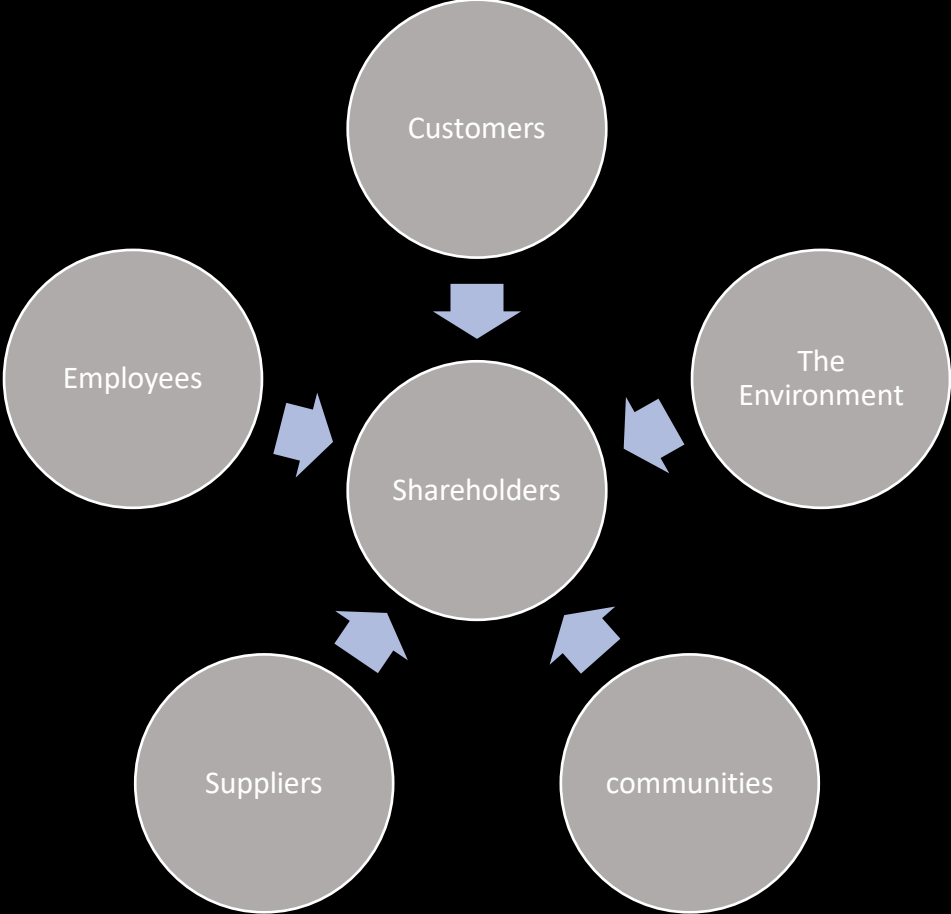
We saw companies that recognize how communities give them license to operate and that license created risks if companies didn't mind their impact ON those communities.

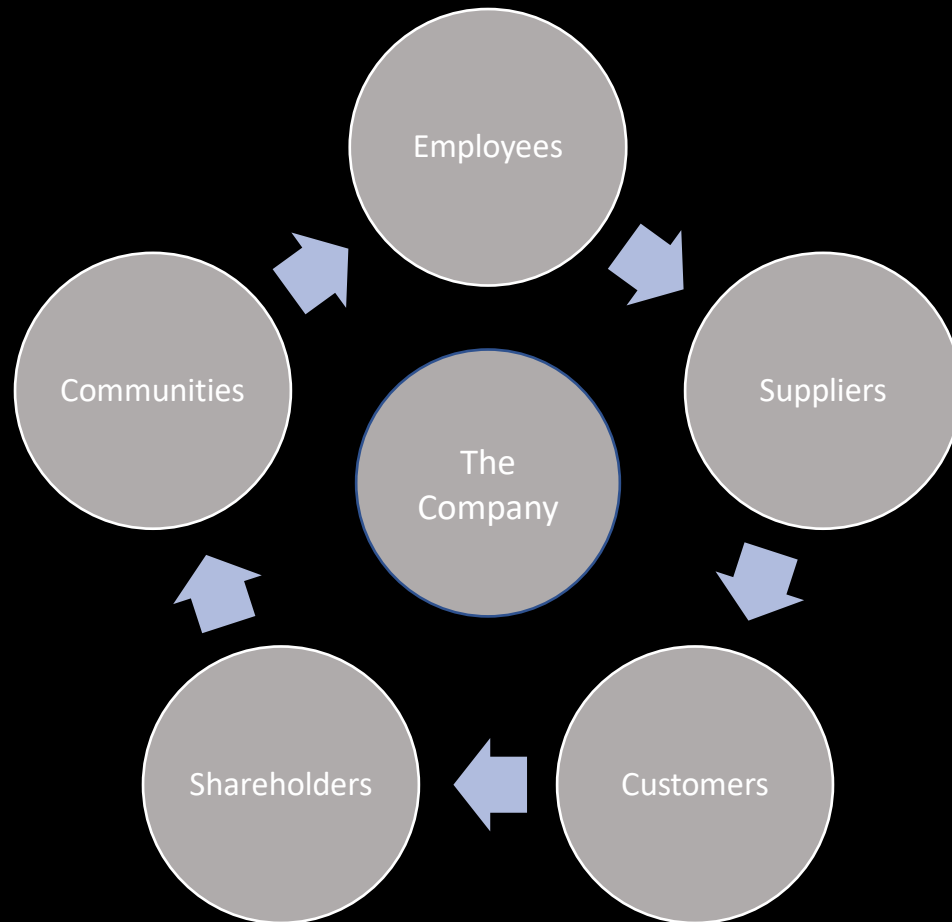
# CUSTOMERS

We saw companies that recognize how customers put their trust in them and that trust creates risk. Customer's trust that the product will deliver on the marketing promise and that it won't generate harmful outcomes.

# SHAREHOLDERS

And yes, risk their dollars and are looking to increase those dollars in return for that risk.







# ED FREEMAN AND THE MEANING OF LIFE...

WHAT IS THE PURPOSE OF YOUR LIFE?

“COMPANIES DON’T MAKE  
MONEY...THEY MAKE SHOES!”

PETER DRUCKER

“IT IS MANAGEMENT’S PUBLIC RESPONSIBILITY  
TO MAKE WHATEVER IS GENUINELY IN THE  
PUBLIC GOOD BECOME THE ENTERPRISE’S OWN  
SELF-INTEREST.”

Peter Drucker: 1954

# WE'RE ENTERING THE PURPOSE ECONOMY

SLAVES

LAND

MACHINES

1'S AND 0'S

EXPERIENCES

PURPOSES

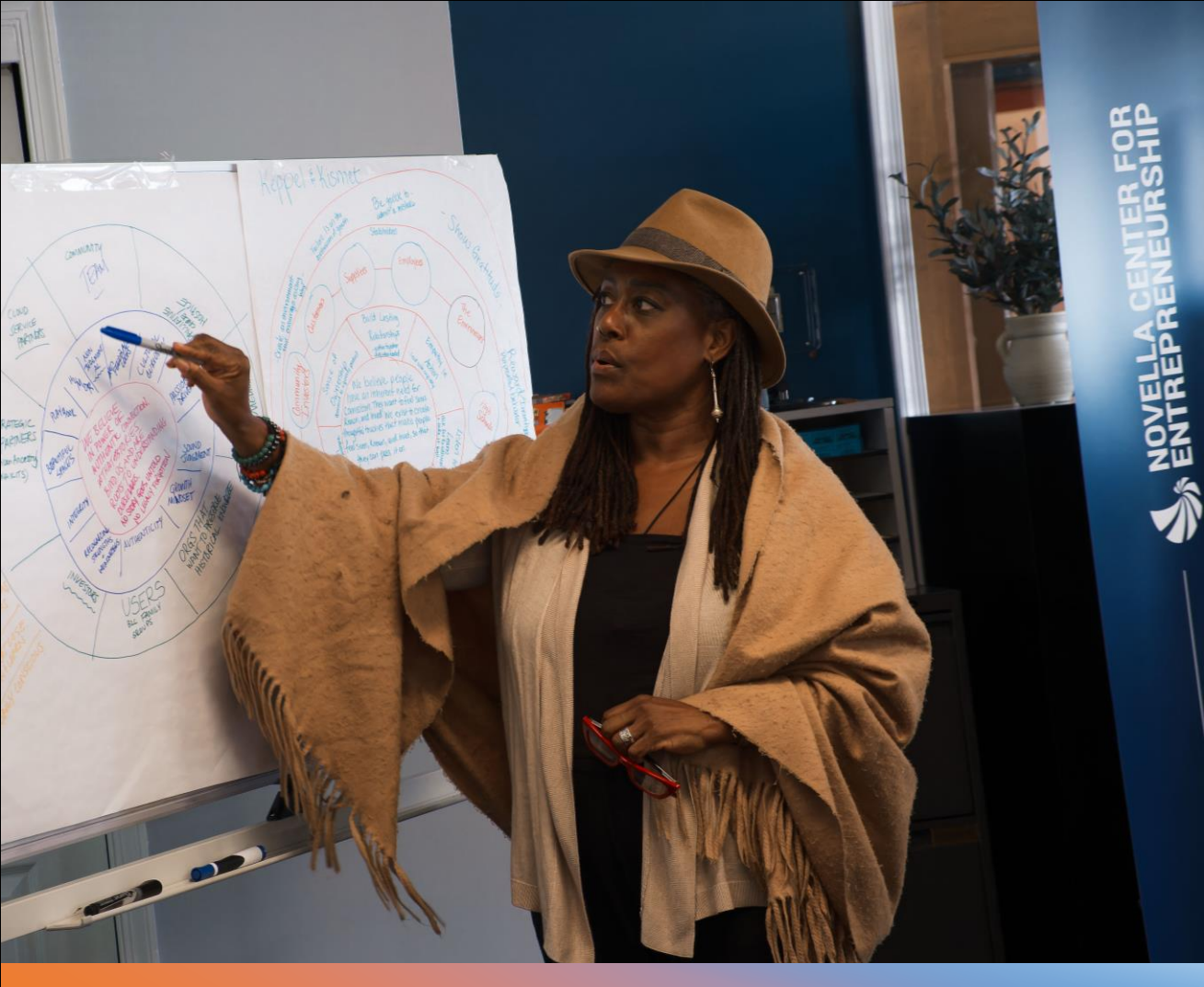
The Purpose of business MUST be to create value for society first, to create a mutual exchange of value between stakeholders – and by doing so, shareholders will be naturally rewarded.



Supported more than 300 companies.

Deployed nearly \$10M across 83 investments.

75% invested in minority and female founders.



Created nearly 500  
direct jobs in  
Baltimore

Companies have  
raised over \$80M in  
additional capital







POINT FIELD  
PARTNERS



ABELL  
FOUNDATION



“Nobody get’s out of these blues  
alive”

John Lee Hooker

What do you want to be  
remembered for?

Nothing has ever changed the world like a motivated entrepreneur and business and capitalism is the greatest force for human improvement yet devised.

And...Not ONE of the great entrepreneurs in the world ever said:

“I’m just doing it for the money”

Entrepreneurship is about giving, it's about the lives we want to live and the lives we want to change.

# A story and a memory



Marshalls

DON'T  
TREAD  
ON MB!  
43

United  
We  
Stand  
MB STRONG

One  
Leader  
One  
Direction  
ATD

of the  
of board  
than the  
! Support



WE ARE  
MAGNETA  
BACK  
DE L







# Memories of Mom



# What drives you?

WHAT WILL YOUR LEGACY BE?