

A new corporate culture:

Change in the wind

Robert Adams

President, World Business Academy

The relationship between business, the wider community and the environment has come under unprecedented scrutiny in recent years. Dramatically changing economies and public concern over the environment demand a concerted response from the business community

The diversity of representation at the World Conference on Human Rights which was held in Vienna, Austria in June 1993, is testimony to the high esteem with which governments and private citizens to the international community view human rights and fundamental freedoms. The Government and people of Trinidad and Tobago are committed to the promotion and protection of these rights and freedoms as our participation in this World Conference signals. The United Nations must be complimented for its pivotal role in this area.

The Hon. Patrick Manning
Prime Minister
Trinidad and Tobago

■ 'The latter third of this century is a period of fundamental transformation of the modern world, the extent and meaning of which we are only beginning to grasp.'

The words are those of Dr Willis Harman, President of the Institute of Noetic Sciences, Emeritus Professor at Stanford University and SRI International, and a founding father of the World Business Academy.

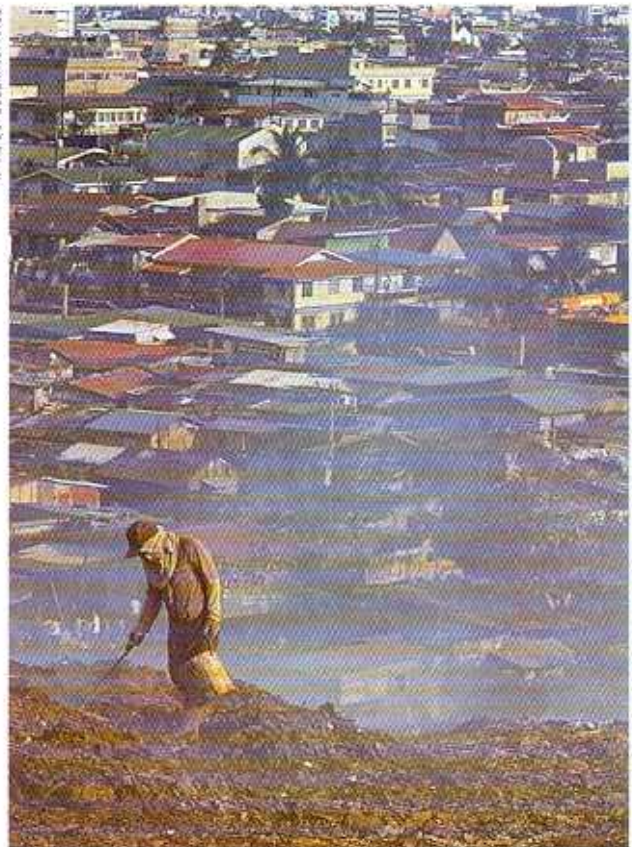
By transformation, Harman does not mean rapid technological change, or any financial, ecological, or nuclear catastrophe (possible though that may be), or any imagined bucolic utopia. He is in fact referring to a worldwide megashift in the perception of reality, the kind of shift that historian Lewis Mumford claims has occurred only three or four times in recorded history. The last such intellectual overhaul, the Copernican, or scientific, Revolution of several hundred years ago, marked the change between the Middle Ages and the modern era. This meant a shift in the way people throughout the world conceived of the universe and their place in it. Today Harman and the World Business Academy, a group of hard-headed, mainstream businesspeople from around the world, foresee a crisis of meaning with dramatic implications for the basic configuration of society.

Academy member Rinaldo Brutoco, Chairman of Dorason Corporation, a Bay Area merchant banking firm, expresses a related axiom regarding dramatic social change in the late 20th century. Brutoco believes that 'business alone, among educational, political and religious institutions has the unique tools to serve society because business deals so well with change. Change, which is the central issue of our time, is the basic component of what you have to be able to do. Why? Because business changes or it dies. That's what the marketplace teaches you.'

These common opinions and concerns led Harman and Brutoco into a series of discussions with business executives and futurists at SRI International.

The World Business Academy, founded in 1987, grew from these discussions into an intellectual greenhouse for helping executives create a new corporate culture.

Harman sees a broad existential shift in



which 'people are beginning to insist that business be good for people.' The successful response of business to that shift has profound implications for the world of business, and typifies what the Academy calls 'new paradigm business'.

This new paradigm, a term which can best be thought of as an intellectual map used to organize one's belief system, involves an inevitable shift in the fundamental assumptions and reasons for doing business. The Academy believes the shift to the new paradigm involves rethinking basic concepts like the meaning of work, the responsibilities and structure of ownership, the proper role of business in world affairs, and the primacy of the profit-motive.

Rolf Österberg is an Academy member who has turned his full energies to just that sort of thinking. Ten years ago, as the president of Svensk Filmindustri, Scandinavia's largest film company, Österberg found himself growing increasingly uncomfortable about what he calls the 'mechanical relationship' between labour and business as a whole. 'We were really bargaining about human beings, their capacities, their abilities, their skills, their time and part of their lives. And my colleagues and I were doing exactly the same thing (at the executive level). We were selling ourselves. And I came to the conclusion that this was crazy, whatever the level.'

Though Österberg felt 'betrayed by my own

Tunisia reaffirms its attachment to the universal values of human rights, to the international instruments that ensure their protection and to a global approach that rejects the dissociation of human rights from democracy and development or the isolation of the rights of individuals from those of peoples. Tunisia appeals to all states, the United Nations and to NGOs to transcend political objectives and selfish interests. At the end of this century, extremism, racism, terrorism, civil wars, poverty and oppression still pose a threat to human rights. So let us cooperate to eradicate them and secure a better future for mankind.

**H.E. Zine el-Abidine
Ben Ali**
President
Republic of Tunisia

thoughts, because I had based my life on business,' he decided that 'I had better change my premises.'

In an open letter in *Perspectives*, the Academy journal, Österberg expressed his feeling that one possible solution lies in the area of employee ownership. Addressing Tamas Makray, chairman of Promon Tecnolgia S.A., an engineering and electronics company that is the largest employee-owned firm in Brazil, Österberg championed what he calls 'living companies' in which all employees experience a deeper relationship to their colleagues, their work and their workplace through ownership. Living companies, he says, take their model from nature, where 'everything is interconnected. Why should business divert from the pattern of nature?' he asks. 'Why should business follow special laws?'

The roots of the new paradigm philosophy of people-centred business spring from the soil of current social thought – a commitment to wholeness and a commitment to heeding inner wisdom in its various forms – intuition, creative visualization, or spirituality.

In the business world, a demand for wholeness is forcing the modern corporation to move from independence to interdependence with the rest of society. Companies which formerly dictated the terms to their employees find they must now respond to social pressures concerning matters as diverse as child care, flexible hours, ecology and social involvement.

'The second theme,' says Harman, 'is the recognition of the inner wisdom we have been neglecting. It's really a very big shift. We're moving to where we don't look for authority out there. We do not trust the experts whom we have been consistently defrocking for the last twenty-some years.... For answers to the most fundamental questions people used to go to the church, then to the scientists. Now they go inside.'

Business, in other words, must begin to utilize the same internal, intuitive skills to which individuals have been increasingly turning over the past 25 years.

It is of course easier to understand how one person holds a positive vision – for example, success in a corporate or personal task – than it is to understand how society or business as a whole might collectively envision a positive future. That challenge, however, is exactly what Academy members suggest the world of business, and even society at large, now faces. And if the planet is to survive, says the Academy, that vision must be based not on a principle of self-aggrandizement but rather of community. It must include future generations and the disenfranchised.

Two Academy members who are applying a new paradigm, whole-systems approach and demanding personal reflection and transformation of themselves and their employees are George McCown and Alex Goodwin.

McCown is managing general partner of McCown De Leeuw and Company which 'was founded on the belief that Corporate America was going to undergo a watershed restructuring of historic proportions because... the management system as we know it seems not to work anymore.' Only several years old, the firm has 13 fairly large companies in its portfolio.

McCown's approach is unusually benevolent for the much-maligned leveraged buyout industry. He takes over under-performing divisions of large corporations not only with the consent of, but in partnership with, current management. Instead of selling off the various assets of the company, he demands that everyone in the company be willing to change their entire outlook and approach to doing business.

While at Alfred Checchi Associates in 1989, Goodwin engineered a friendly takeover of Northwest Airlines, an already profitable, successful corporation. His goals were similar to McCown's. 'We wanted to take a fairly hierarchical organization and provide a different structure over time which allows employees a certain degree of involvement and control over their circumstances at lower levels in the organization...a flatter organization. We wanted to create significantly greater cross-functional involvement and communications, different kinds of teams of people put together for different kinds of problems, as opposed to very defined functional units. Collective bargaining will continue to exist, but management and labour will work together in a spirit of partnership.'

Such novel and well-intentioned approaches to business draw sceptics by the score. Inside industry people are often impatient with those they feel to be crusaders, and understandably wary of anything which doesn't immediately address the bottom-line as the first priority. Similarly, a large swathe of the general public in this post-Valdez, post-Bhopal, minimum wage, golden parachute era, is highly suspicious of good intentions on the part of business. Allaying these concerns about new paradigm business depends, from the Academy's perspective, on conveying to others an understanding of the many and very real forces which are conspiring to threaten the survival of the mainstream economy, and hence the mainstream corporation.

In regard to the question of whether



A German steel plant: the world of work is changing rapidly as the century draws to a close

industry, particularly in times when competition is highest and costs are spiralling, can afford such luxuries, most Academy members respond that industry can't afford not to.

'Clearly,' says Harman, 'big socialism is declining. Capitalism, in the sense of all of the emphasis on capital and the return from capital, is dying, in terms of its legitimacy. The legitimacy of a big corporation owned by its major shareholders, insurance companies, pension funds, and so forth, with tremendous pressure on the CEO to make stupid, short-term decisions because they bring immediate financial return, with employees who are chattel slaves who go over to the new owner when there is a change – the legitimacy of that is highly questionable and growing more so in people's minds.'

In this scenario, clinging single-mindedly to the old profit motive may prove to be the luxury. 'If industry is to survive,' says Österberg, 'it must face its own crisis, and redefine the purpose of business. The main purpose of business is to serve as a platform for the personal human development of those working in the company.' Following this vein of thought, Österberg feels that big corporations which do not foster this individuality and creativity may be doomed.

In fact, he says, the large ones may die out 'like dinosaurs' anyway because they may prove to be too unwieldy to incorporate the changes swiftly enough unless 'they break down into smaller units. I think this new development will start more logically with small and medium-sized companies.'

For its own models of economic creativity and imminent change, the Academy has only to look around the globe. Harman points to an incipient third form of cooperative economic activity, an alternative to either capitalism or socialism, which represents a real spirit of free enterprise that, he says, 'has barely been tried'. The most visible form of this activity within the mainstream of course has been the entrepreneurial activity both within larger corporations and in start-ups, particularly those begun by women. 'Some of the most interesting entrepreneurs are women who go into business for totally different reasons than men. They go in to bring about social change using their corporation as a tool.'

Harman also points to the plethora of alternative economies that are springing up around the world, such as the Mondragon Cooperatives in Spain or the Local Employment Trading System on Vancouver Island, British Columbia. These types of systems rely on either barter or a combination of barter and their own currency, whether computerized or paper, and often offer interest-free loans to start-ups because it is in everyone's interest that every venture succeed. Because they circumvent the vagaries of the national and global economies, and because workers exhibit high morale through ownership, and have a foundation of familial and community values, these economies, although operating on a totally different basis than the monetarized world economy, often compete very well in the marketplace.

The challenge the Academy faces is to figure out how to ride the waves of change, searching for ways to give birth to the new paradigm while still operating in the old one. As Harman puts it, 'The task is rather like rebuilding a ship while it's still at sea.'

Members say the real importance of their work is not the activity but the dialogue. Dialogue produces concepts, and in the new paradigm, reality exists on top of a framework of conception.

If the members of the Academy can change their own minds, as well as the minds of their companies, about the role of business in the world, and if business people begin to see their work as a spiritual discipline, says Brutoco, 'It will change the world so dramatically it can't even be imagined. That is the new paradigm.'

Built on the tragic experiences of the recent past, the Universal Declaration of Human Rights was adopted to end human suffering and to establish a world of peace and prosperity. The Vienna World Conference on Human Rights and the Vienna Declaration provide us with a unique opportunity to test the determination of the international community to take concrete steps to protect democracy and human rights.

H.E. Süleyman Demirel
President
Republic of Turkey