

BY MICHAEL KRAUSS

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## Purpose Beyond Profits



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What would the late Nobel Laureate economist and University of Chicago professor, Milton Friedman, say to Greg Welch, global practice leader for Spencer Stuart’s Consumer Goods & Services Practice, about his new book, *Good For Business: The Rise of the Conscious Corporation?*

I imagine they’d probably have a spirited dialogue about the aims of marketing and the corporation and what is best for shareholders and society.

In *Good For Business*, Welch and co-authors Andrew Bennett, global chief strategy officer of Euro RSCG Worldwide; Cavas Gobhai, former CEO of consultancy Synectics; and Ann O’Reilly, content director of Euro RSCG Worldwide’s Knowledge Exchange, argue for four essential cornerstones they believe will yield future corporate success:

- **A purpose beyond profits**, where management aims for profits while having a purpose aligned with the greater good.
- **A people-centered culture**, where all people—customers, staff, suppliers, investors and local communities—are treated with decency and respect.
- **A sustainable approach to business**, where management has an understanding of the opportunity inherent in taking the lead on sustainability.
- **Respect for consumers’ power**, where management recognizes that the relationship between companies and consumers has changed profoundly in a world filled with abundant potential suppliers of goods and services, and populated with more skeptical, powerful and fickle consumers.

In contrast, Friedman, in a famous and controversial 1970 *New York Times Magazine* article argued there is only one role for the corporation and that is to return profits for the shareholders. “There is one and only one social responsibility of business,” Friedman wrote. “To use resources and engage in activities designed to increase its profits.”

In *Good For Business*, Welch and his co-authors reply directly to Friedman. “The notion that businesses should be about more than profits may be antithetical to the beliefs of 20th-century theorists such as Friedman, but it is deeply ingrained within 21st-century society and is rapidly gaining credence within the C-suite, as well.”

Welch seems ready for the debate.

“Do you need to choose purpose over profits?” he asks rhetorically. “Go share that with a CEO and see what reaction you get.”

Welch is arguably one of the foremost executive recruiters of CMOs today. His advice to CEOs is broader than Friedman’s. He urges CEOs to “stop apologizing for needing to make profits, and to go connect with your detrac-



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GREG WELCH

tors.” He points to GE’s CMO Beth Comstock and CEO Jeffrey Immelt as examples.

“One of the things GE did was to bring their detractors together to hear them,” Welch says in an interview. He praises GE for building dialogue with corporate opponents and GE’s desire to explain its aspiration to run the business in a better way to balance purpose and profits.

“I wouldn’t say they turned into absolute allies in every case, but it is amazing what happens when a large company like GE reaches out to people who had been opponents of the company to ask for their help,” Welch adds.

Welch thinks CMOs must become the corporate conscience and lead the charge on recognizing the wider role corporations play in society today. He believes there simply isn’t any other reasonable approach.

He uses bowling and pinball to make his point. He credits Peter Sieyes, global digital and relationship marketing director at Diageo, with the concept.

“Marketing used to be like bowling,” Welch says. “A CMO could look down the lane, size up the targets and aim their marketing message (the bowling ball). They could spin the ball, speed it up and pretty much guarantee the CMO would knock down the pins.”

“Today marketing is more like pinball. You pull back the wand and shoot this ball up and it starts getting zapped around. Consumer groups push it one way. NGOs push it another way. The competition pushes it in a different direction. CMOs have lost control of their marketing messages. So you have to change the way you talk with consumers,” Welch adds.

Welch isn’t offering a roadmap for implementation, but he has some advice for CMOs and those who seek to create organizational change.

“CMOs are looking for what is next. What is the next killer app? We need to better understand this younger generation. We need to better understand what happens when consumers start taking control of brands. We need to figure out how to be truly authentic in the way we communicate, and I think good CMOs are disciples inside their organizations,” Welch says.

“Job one is to have a private meeting with the CEO. Understand if you have buy-in. Paint the picture for what being ‘good for business’ would mean and entail. Tell the CEO where consumers are today and where you want to go. Ask, ‘Are you with me?’”

“I don’t think this goes anywhere unless the CEO is supportive,” Welch adds.

It may seem unusual for an executive recruiter to become a corporate change catalyst and navigator. But Greg Welch is no ordinary leader in the area of talent recruitment and human resources management. Welch has a passion for ideas and he’s always been a nexus, a hub, whereby he shares state-of-the-art ideas with the leaders in the global marketing community.

“You wake up one morning saying: ‘What’s my impact to this planet? What am I doing? Can we get out ahead of this new phenomenon called an active consumer and think about ways to win?’”

In *Good For Business*, Welch does just that. Friedman might not agree, but he’d enjoy the conversation. ■

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