



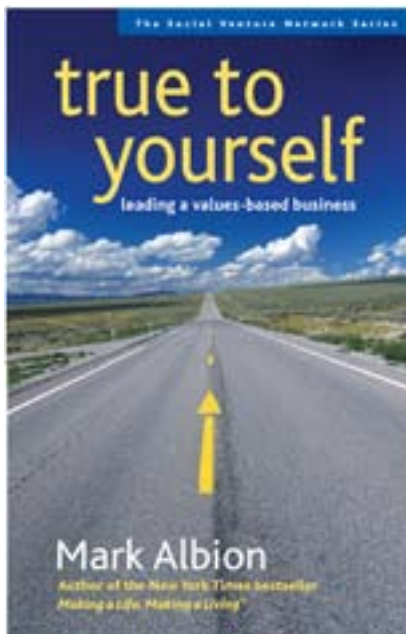
# True to Yourself: Leading a Values-Based Business

## Part 2

by Mark Albion

**Editor's Note:**

*"If I had known that when I started!"*



The ensuing pearls of wisdom, usually delivered with a slap on the forehead, are worth millions. [True to Yourself](#), the new book by Academy Fellow **Mark Albion**, contains *strings* of them.

Part of the SVN Series published by Berrett-Koehler, and due for release July 13, this slim volume is the distilled essence of interviews with 75 successful entrepreneurs who have launched values-driven business. Running the slalom course between one's own beliefs and the outside world (which often appears not to care) is lonely and difficult. This volume provides solace and, perhaps more important, invaluable practical wisdom.



**Editor's Note:** In Part One, Mark covered *Compassion* and *Competence* as two of the three characteristics that are essential for a values-based leader. We conclude this week with the third characteristic: *Commitment*.

## Commitment: It's Not about the Money

*Candle Cafe is not a business but a lifestyle choice for us, our staff, and our customers. We've had a lot of employees and customers with us eight to fifteen years now and have changed their lives and ours through learning about food and health. We bring organic fresh food from the farm to your table, and as we use no animal products, our business is committed to nonviolence.*

— Bart Potenza, co-owner with Joy Pierson of two New York city vegan restaurants

In 2005, Bart Potenza was 67 years old and proud of the fact that he hadn't been sick once in the past 30 years. For Bart and co-owner Joy, [Candle Cafes](#), the first "green" restaurants in New York City with extensive in-house environmental programs, are an expression of who they are and how they live. It's how they touch the world. They're as committed to those cafes as they are to themselves and each other.



People can smell commitment in a leader. They know why you're here and why you're doing what you're doing. And your commitment inspires commitment from them. So what is this quality of commitment? What is this quality that most of the Fortune 500 CEOs I've talked with desire more in their workforce than any other?

Commitment is easy when you're starting out. Salaries are low or nonexistent and company stock has little value. Hopes and dreams are your daily bread. Of course, you attract people committed to the social need that your business addresses. Why else would you and they be there? This is a valuable advantage for small business leaders.

Commitment is commonly believed to be tested when business doesn't go well. That's true, but in my experience the real test is when you have financial success. Employees join with good starting salaries. Company stock has value. You may receive that first offer "you can't refuse" for the company or your services. What should you do?

Take a moment. Why should you be concerned when you're just starting out? If you take in outside capital, you do need an exit strategy so investors know how they'll get their money back. If business doesn't go well, you try to make it work. But if your company is a success, the question is, have you built it in a way that lets you do what you want to do?



The sell/don't sell issue—the legacy issue—dominates discussions of what it means to be a committed leader in many small business circles. SVN members have built sizeable companies, and some have sold them to Fortune 500 companies. A few had lost control of their companies and had no choice. Others say they sold to have a larger social impact through the increased resources and customer bases they can now access.

The "don't sell" contingent argues that if you're committed, you can't sell your company to some anonymous large entity whom you know will never be as committed as you are to the same cause and values. Similarly, if you take your company public, not only do you lose control but also few founders stay on for more than a year or two. The argument is, therefore, that if you're truly committed, you'll maintain control of your company no matter what and will do what's necessary to support that decision right from the start.

Danny Grossman launched [Wild Planet Toys](#) in 1993 to provide positive experiences for boys and girls without relying on violence. After ten years of significant revenue growth, he thought seriously about selling the company. After all, didn't he learn at business school that you build a company, flip it, and then move on? He recalls, "We were going through the dotcom boom, and it could be distracting and demoralizing to run a real business in that environment. But when I realized that my two sons were the age of our target market, I fell in love with the company all over again." Taking a leadership role in the industry, Danny is now recommitted to building a better world for sons Noah and Jonah and to taking the company to new heights.

#### MY DEFINITION OF COMMITMENT

A committed values-based leader brings his or her deepest desires and most profound dreams into the core of the organization and its community in a form that's vibrant, meaningful, and inspirational for all stakeholders.

In 2000, Gary Erickson and his wife Kit Crawford faced the sale of [Clif Bar](#), the \$100 million maker of energy bars. They decided not to sell, bought out their partner, and Gary took back the CEO reins for four years. In 2004, he turned over the job to Sheryl O'Loughlin, who had been groomed for the job for several years. Gary counsels, "Leaders don't let go soon enough. They wait too long, can't find someone, and have trouble delegating. The company loses momentum; you burn out and sell out. Sheryl allowed me to recommit to the company." Gary is now involved in the "aspects of the company I love, like new product development," keeping him as committed as ever to Clif Bar.

Commitment may seem easier in a cause-driven, not-for-profit organization, yet many such companies suffer from inadequate funding and employee burnout. For-profit businesses may be mission driven, but the demands of the financial markets can end up directing the daily work.

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That's why your role—how you are committed—is as essential as the cause itself.

A few years ago, the CEO of a multinational asked me to fly to Europe to find out why his company's sales had plunged. I engaged the 12 division presidents in all-day and all-night sessions. At four in the morning, the president of the largest division, an 18-year veteran and the 11,000-person company's second-ranking woman, who rarely spoke at these meetings, admitted, "I don't believe any more for the first time in my career. And if I don't believe, how can my people believe?"

You should believe that your work at your company is the best way to achieve your personal mission. But few companies will last your lifetime, and over time, as you and your company grow, more effective ways may emerge for you to make a difference. Commitment is not about the company or its form. Commitment is about being true to the mission that attracted people to your company in the first place, starting with you.

**Commitment is not about the company or its form.**

#### **Commitment as If the World Is at Stake**

Depth and clarity of commitment help you motivate others to be as committed as you are. When people hear your name, can they say immediately what you stand for?

If you didn't know she's a salsa dance champion, you'd think Amy Domini is all business. In many ways, this bright, iron-willed leader is just that. Commitment personified, Amy's mantra is clear: "Remove the barriers to socially responsible investment. If we do that, it will allow us to tell a story of a more just and sustainable planet for our children to grow up in. I don't think there's any other force strong enough to stand up against finance."

Back in 1981, Amy researched the phrase, "corporate social responsibility." Three weeks later she received one relevant article. For years, Amy believed that the world was at stake and she was the only one who knew it. She confesses, "That's why I was so desperate to hang on until we made this happen."

In 1988, Amy cofounded KLD Research to promote the importance of a company's social responsibility record. On May 1, 1990, she launched the Domini 400 Social Index, a common stock index like Standard & Poor's 500 Index (the S&P 500). The two indices share 250 companies. The other 150 companies that complete the Domini 400 Social Index provide industry representation with particularly strong social characteristics. The index has outperformed the S&P 500 over the past fifteen years, thus demonstrating the importance of social screening in valuing corporations.

Commitment? Amy went 11 years without a salary. She maxed out her credit cards and kept renting out more rooms in her house. She held on to her day job as a trustee with Loring, Wolcott & Coolidge, advising socially responsible investors. What did she accomplish? Amy is pleased to tell you: "No one knew what a sweatshop was. Today, we get a 'friendly' company, the Gap, to be a 'fair labor' poster child and then Nike and others follow



by listing all their contract factories. Today, Procter & Gamble becomes the largest producer of fair-trade coffee. Today, Fortune 500 CEOs call and ask how they can do a corporate sustainability report. Today, over 2,000 companies have corporate sustainability reports. It's now an established field." If you know Amy, you know what she stands for. Known affectionately as the "godmother of the social investing movement," she translates her commitment into nurturing her staff of thirty, educating them to grow on the job so that they can become as committed as she is. She sends at least six people each year to the Socially Responsible Investing conferences in the Rockies, sends people in rotation to take relevant courses, and introduces her staff whenever possible to leaders in the field. Amy has joined the select few named by *Time magazine* in 2005 as one of the most influential people in the world and is the only one selected from the world of finance. During recent years, she has used her fame outside her company, serving her mission through speeches, writings, and considerable travel to develop more converts committed to people and the planet through capital.

### **Finding the Best Form for Your Commitment**

Many of our most financially successful SVN members would laugh at the mention of money when they think back to how they started their companies. To paraphrase, "It was always about making a contribution, doing something for others without much of a sense of how we were going to make money doing it. We hoped that would work itself out."

Commitment often leads to financial success, but if you don't have that commitment, it's much more difficult even to get started. When I owned my Vermont-based environmentally responsible dog biscuit company, my partner and I had a chance to grow the company substantially, but he didn't want to do it. Given the excellent financial outlook, I thought I'd do it alone. I went to a venture capitalist friend who had told me years before that he'd back any business I'd work at 100 percent of my time.

I explained the business and my 100 percent time commitment. When I finished, he turned me down cold: "I wouldn't give you a cent. You sound like a brainy MBA. I don't feel any heart, any real commitment to what the company is trying to do." He was right. I was building the business primarily for my partner who was a dog lover. I had no real interest in the product. I saw the excitement of the financials, not of the mission.

That's not what it's like for Jane Hileman, founder and CEO of the [American Reading Company](#) (ARC), home of the 100 Book Challenge, a systemic independent reading program to help every child in America read at or above grade level. Commitment is apparent at every level, from CEO to consumer.

Jane was a schoolteacher for 28 years and for 28 years was frustrated with the huge achievement gap between rich and poor students. She believed that this was largely the result of a difference in their reading habits from birth. She reflects, "All I thought about was how to get the kids to read. The average reading level in our urban high schools is third- or fourth-grade level, and that's of the 50 percent who have actually stayed in school. I

I saw the excitement of the financials, not the mission.



was determined to figure out a way to change this unnecessary situation, whether through a nonprofit or for-profit I wasn't sure."

The best form for Jane's commitment turned out to be a corporation. Jane grew the company around her mission as "it's never been about the money. Many of us are lifelong educators who have spent our careers working in the inner cities. We're 100 percent committed to getting the kids to read, and every investor knows that's what we're about." In the first three years, Jane grew ARC into a \$5 million company without any financing other than what came through customer orders.

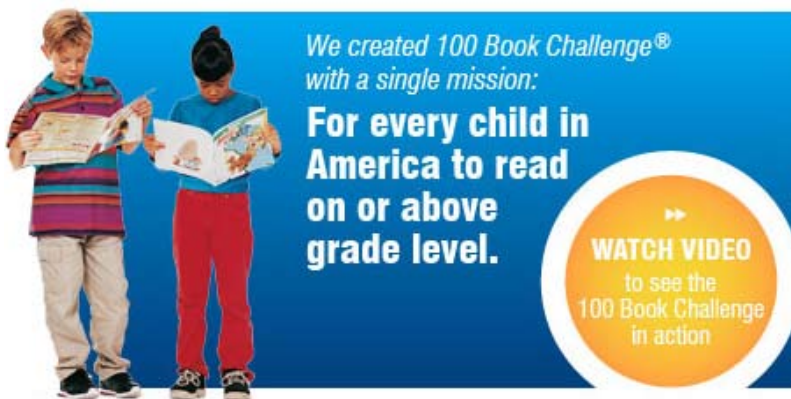
In eight years, ARC has grown to \$13 million in sales and 100 employees in 2005, with the 100 Book Challenge program implemented in 650 schools and 26 states. Jane likes to hire family and friends. She acknowledges that others consider this a mistake, "but I know them and know they're as committed as I am. The community feeling is important to me." To demonstrate the clarity of their commitment, all Jane's employees are asked to write a

business plan and connect what they plan to do at ARC with what they want to achieve in life.

ARC's mission is to get students committed, too. "Children have to be agents of their own lives," notes Jane. The students choose what level and type of book to read. They must read at home and at school, and their reading is tracked with log sheets like a Weight Watcher's program. They

earn prizes and medals for who is the most committed, who is working the hardest, not for who is the smartest. ARC also teaches the teachers how to support the students.

In January 2005, Random House became a minority shareholder in ARC. Jane maintains full operational control with written agreement to a triple bottom line that includes her commitment to high quality and social responsibility along with profitability. But she also wants to grow and get to scale, as "we're committed to the type of paradigm change that should sweep the country." Now that's something worthy of commitment.



## Summary: The Three Leadership Attributes

This chapter introduced the three personal characteristics that are the foundation of successful values-based leadership practices: competence, compassion, and commitment. They combine the traditional requirements of excellence with a leadership style that goes beyond immediate financial returns and personal success. They allow you to clarify purpose, awaken passion, and realize people's potential through mutually beneficial busi-



ness relationships.

Competence in leadership is not about knowing how to do everything better than everyone else or doing everything yourself. Competent values-based leaders translate the mission and values of the organization into practice, creating a values-based context for all decision making. They help people reach their potential and are aware of the daily requirements for business success. They know how and when to let go of control, hiring people who complement their abilities and passions. They recognize the boundaries between their values and market requirements. They know how to manage that delicate balance, not letting values blind them from perceiving customer needs clearly.

Compassion in leadership is the quality of empathy that leads to a healthy respect for and a sense of accountability to others tempered by business needs. Compassionate values-based leaders respect the individual needs of all who are impacted by the organization, acting in the best interests of all. They don't mistake compassion with being overly generous with staff or with being too slow to fire people when necessary. They're comfortable making hard decisions with tough love.

Commitment in leadership begins with a clear communication of the purpose of the organization and the long-term plans for the business and its founder. Committed values-based leaders bring their deepest desires and most profound dreams into the core of the organization and its community in a form that is vibrant, meaningful, and inspirational for all stakeholders. That depth and clarity of commitment allows them to attract and motivate others to be just as committed. While the form of commitment may change, the mission remains.

**About the author:** After 20 years as a student and marketing professor at Harvard Business School, Academy Fellow Dr. **Mark Albion** made the decision that there was more to living than the quest for "money, power and fame." He founded You & Co., a recruiting firm that matches MBAs and socially responsible companies, and co-founded [NetImpact](#), which now has branches at more than 100 business schools. He is a *New York Times* best-selling author of the book [Making a Life, Making a Living](#); he continues to consult and speaks regularly at major business schools.

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