

# Rewriting the rules of business

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When legions of consultants glommed on to the idea of promoting corporate ethics, David Batstone started to worry.

"You have to be compelled by a sense of doing right for its own sake," the American author said. "It's not a niche or a protocol or a slogan."

Batstone, who will speak today at a conference on corporate social responsibility at the Rotman School of Management, has just written a book called *Saving The Corporate Soul*.

He is sensitive to charges that he is capitalizing on the sudden interest in integrity in North America's scandal-shaken boardrooms. But the San Francisco writer insists he is neither a quick-fix artist nor a trend surfer.

He genuinely believes that companies thrive when they treat their customers and workers well. He believed it before the Enron debacle and he will believe it after the consultants, gurus and marketing experts have moved on to their next lucrative fad.

In some ways Batstone, a broadcaster turned business author, is an odd choice to deliver the keynote speech at a conference called Corporations in the Community: A Canadian Review of Corporate Social Responsibility. He is neither a Canadian (although his father was raised in Nova Scotia) nor a proponent of corporate social responsibility as an antidote to the greed of the '90s. "Count me among the skeptical chorus," he says.

In other ways, however, Batstone is an ideal speaker to challenge the 180 participants at the conference — mostly MBA students — to think rigorously about what business owes society, how the private sector should use its global power and whether principles are compatible with profits.

He had a front-row seat for the meltdown of Enron, WorldCom, Tyco and other deceit-ridden corporations. He spent a couple of eye-opening years as an investment banker. He founded and



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ran a non-government agency dedicated to economic development and human rights in Latin America.

In the course of his research for *Saving The Corporate Soul*, Batstone looked at 50 companies that chose to play fair in a cutthroat world. He found they had two common characteristics:

- ★ They were headed by people who could see beyond a bottom line.
- ★ They had discovered that enlightened corporate behaviour was both economically rewarding and fun to practise.

"You lead with the heart and follow with the process," Batstone said. "I really do feel that companies that act in trustworthy ways — before, during and after a transaction — win repeat customers and retain loyal workers."

Corporate social responsibility has not yet found its way on to the curricula of most Canadian business schools.

Part of the reason is that it's an amorphous concept that includes honest financial reporting, sound environmental practices, fair labour relations, active community involvement and credible behaviour abroad.

The other problem is that it doesn't fit the way business is taught. It can't be codified or measured.

But it is on the minds of the country's next generation of corporate decision-makers. A committee of 30 students at the Rotman School spent a year pulling together today's conference.

"Our goal, from an educational standpoint, was to get this topic on the minds of emerging business leaders," said second-year MBA student Jamie Glover, who is co-chairing the conference.

"From a macro standpoint, we wanted to get public, private and non-profit organizations thinking about how to work together in an age of deregulation and privatization."

Roger Martin, dean of the Rotman School, will kick off the conference. The business professor is one of North America's leading thinkers on corporate social responsibility.

Last year, tired of the fuzziness surrounding the issue, he submitted a paper to the *Harvard Business Review*, entitled "The Virtue Matrix." It offered corporate executives a tool to use when weighing the trade-offs between satisfying their shareholders and reaching to the wider community; between being a good corporate citizen and becoming an agent of societal change; between strategic giving and pure philanthropy.

The publication of Martin's paper helped shift the debate about corporate social responsibility from the realm of good intentions to the realm of everyday choices.

Batstone hopes to continue that process, making the case that ethical behaviour has to be built right into a company's business model, not left to consultants or imposed by government regulators.

"This is not a fringe issue. We've got to be realistic about how much power resides in the private sector. And it's not only in Canada and the United States. In the developing world, where the rule of law is even more slippery, it's almost incumbent on companies to set their own standards. Businesses will affect and shape millions of people's lives."

It is unfortunate that it took an epidemic of corporate malfeasance to propel the idea that business can do well by doing good into the spotlight.

But it is heartening that young people are open to the message and eager to discuss the means.

Carol Goar's column appears Monday, Wednesday and Friday.