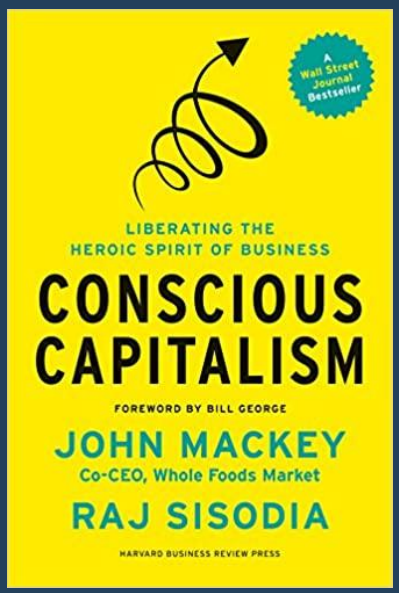

Conscious Capitalism

Year of publication: 2014
Authors: John Mackey, Raj Sisodia
344 pages
Link for purchase: https://amzn.to/3oegCn1

The book "Conscious Capitalism - How to Liberate the Heroic Spirit of Business", was written by John Mackey and Raj Sisodia and released by Harvard Business Review Press.

The work has 344 pages, divided into 4 parts and 18 chapters, which seek to bring the essence of the Conscious Capitalism movement in a clear and very explanatory way about the principles, concepts, practices and learnings.

Score

8

8 Aplicability
9 Inspiration
8 Innovation
9 Impact on results
8 Structure

Main ideas of the book

In this summary of "Conscious Capitalism", we highlighted the following subjects:

- Explanation of what is Conscious Capitalism;
- The importance of defining purposes and values for a company;
- How stakeholders impact on all processes;
- Characteristics of a company led by a conscious leader;
- The importance of culture in a conscious company.

To whom is this book indicated?

The content addressed by the authors is suitable for those who want to understand the transformation that capitalism has undergone in recent years. The battle for profit alone is losing ground.

So, if you want to understand about these changes, want to be prepared for what is coming or if you want to transform your company, this book is for you!

Overview of the book

Overview: What is Conscious Capitalism

In the view of John Mackey and Raj Sisodia, free market capitalism focused on profit has been good for society to some extent, but on the other hand, it generates greed and doesn't care for a large part of the stakeholders.
Given this perspective, The book "Conscious Capitalism" also state that business is based on voluntary exchanges in order to obtain mutual gains. In this way, they conclude that all stakeholders are extremely important for any organization.
With this essence, Conscious Capitalism appears. The aim of the movement is to serve as inspiration for the creation and adaptation of a larger number of companies that have clear purposes and that serve and meet the needs of all stakeholders.
The authors believe that, when developing companies with these characteristics, it is possible to create a culture of resilience and innovation, in order to promote the execution of work with satisfaction and joy in each organization.
Thus, profit is no longer the only reason why the company exists, because of these environments, employees have the possibility to develop, both personally and professionally, which implies an improvement in motivation and performance.
On the other hand, entrepreneurs contribute to a society in which everyone can live with purpose. When adopting principles of the movement, companies are in tune with the interests of society and are aligned with the evolutionary changes that human beings have been facing.
In order to achieve the proposed objectives, the Conscious Capitalism movement is divided into 4 principles, they are:

1. Greater purpose and central values;
2. Integration of Stakeholders;
3. Conscious Leadership;
4. Conscious culture and management.

Got interested? Don't Worry! We will explain each of them in separate Overviews!

Overview: The Importance of Purpose

In this part of the book "Conscious Capitalism", the authors John Mackey and Raj Sisodia addresses the First Principle, which is: Greater purpose and core values.
Mackey and Sisodia say that companies based on a great purpose can generate much more impact. And this goes far beyond financial results.
But, after all, what is purpose? In John and Raj's view, purpose is the reason for the existence of a company.
The idea of purpose is able to mobilize the entire team to achieve strategic objectives for the company.
This is because the company ceases to be a conglomerate of members with individual goals and becomes a team chasing why. This impacts on motivation, commitment, innovation and the creative capacity of the company's members.
In this way, the purpose is for a company, the source of energy and union.
So, what is the purpose of your company? Is it difficult? The book helps you!

According to the authors, to define a purpose, you must ask yourself:

- Why does the business exist?;
- Why does the business need to exist?;
- What are the core values that move the company and bring stakeholders together?

Jeff Bezos, founder and CEO of Amazon has also given tips on building a purpose. In his view, the company must choose a mission that is bigger than itself.
Here are some examples to help you:

- Disney's purpose: imagination at the service of the happiness of millions of people;
- Southwest Airlines purpose: to give people the freedom to fly;
- BMW's purpose: to offer people the experience of the joy of driving.

In addition, Whole Foods Market Co-CEO Walter Rob says the following statement about the company's purpose:

"We are not retailers with a mission. We are missionaries working in retail. Stores are a canvas on which we paint our deepest purpose of bringing whole foods and more health to the world! "

Overview: Treat everyone the same

At this point of the book "Conscious Capitalism", is addressed the Second Principle: Integration of Stakeholders.
The authors classify stakeholders as all entities that impact or are impacted by an organization. Companies focused on capitalism itself see these parts as necessary pillars for maximizing profits. Conscious companies, on the other hand, observe that each stakeholder is important and essential for the execution of the business.
Why does it happen? After defining a mutual purpose, you need to treat everyone the same. Isonomy is a characteristic for maintaining purpose. In this way, all stakeholders must be connected and interdependent, while the business must generate value for this connected network.
As well, the company must generate value for all pillars of the company, because in this way, the pillars will generate value. It is a win-win case.
It is important to keep in mind that the conscious company seeks to generate equal value for everyone involved in the process, what the authors call Win6.
In this way, conscientious companies do not opt for trade-offs. When there is a conflict between the support network, creativity is stimulated to create solutions in which all stakeholders win.
Do you see how conscious companies choose synergy between all those involved? For this to happen, it is necessary to have transparency with all stakeholders involved in the process. In addition, one must keep in mind that everyone is a human being and should be treated as one.
John and Raj say that when relationships with those involved are well sustained, a virtuous cycle forms. In several cases, customers end up becoming employees or shareholders. That is why it is extremely important to generate a Win6 network.

Overview: Better leader = Better world

The third principle: Conscious Leadership
There is no point in having values, principles, integrated stakeholders if there are no conscious leaders in the company.

To exemplify this, Pivot, a consultancy specialized in developing leaders says:

"*Better leaders = Better world*"

In this part of "Conscious Capitalism", John Mackey and Raj Sisodia bring a historical analysis of the evolution of companies. For them, in the beginning, companies were shaped by military characteristics.
In this way, organizations presented leaders based on commands and controls. As a result, people motivated to exercise power were attracted and hired.
The authors claim that the business environment was similar to a war square and the myth that the best guerrillas give exemplary leaders has spread to all organizations.
The culture of militarism was so present that phrases such as "Engaging the Front Line" or "Capturing the market", which persist until today, are remnants of this time.
However, this type of leadership began to displease shareholders, as companies became solid internally, but did not grow.
In this way, the leadership style was being changed. According to John and Raj, he stopped being a "militarist" and became a "mercenary".
In this new phase, leaders focused on the valuation and share values of companies, as they would become more attractive to investors.
Conscious Capitalism, in turn, brings the idea that conscious leaders must be motivated to serve the company's purpose. In this way, your role is to develop the skills necessary to engage, motivate, inspire and guide your entire team.
This leader's behavior is guided by example and by the proposal to unite stakeholders. It is noticeable that conscious leaders put aside the characteristics of power (militarism) and personal enrichment (mercenary) and are concerned with building a legacy (purpose).

Difference between Leadership and Management

In this topic, the authors bring the difference between leadership and management. For them, leadership is allied to change and transformation. Management, in turn, is implementation and efficiency.
To exemplify the difference between the two terms, the authors quote John Kotter, a professor at Harvard Business School, who says:

"Too much management without enough leadership leads to a lot of stability and focus within the company. This ends up resulting in a decline in the organization.
Too much leadership without enough management is also dangerous: the company lacks organizational capacity, discipline and efficiency".

For the book "Conscious Capitalism", leaders are architects and responsible for reformulating a pre-existing system. Managers are in charge of making the system work. Does your company have conscientious leaders and willing managers? What can you do to change this reality?

Overview: Union makes Culture

Conscious Culture and Management, this is the fourth principle.
Here Mackey and Sisodia says that the implementation of a Culture and Efficient Management is capable of contributing to the development of a conscious company.
Culture is defined by what people do in an unconscious way in the daily life of the company. The authors claim that it is a powerful and invisible force, as it guarantees the stability of a company. It is through a well-defined culture that the ultimate purpose and values will survive over time and resist changes in leadership.

Culture influences the general characteristics of meetings up to models of celebrations when goals are achieved.
Thus, when there is a construction of a Conscious Culture, the company will have a huge competitive differential.
The creation of Conscious Culture permeates the pillars of the movement. It's needed:

1. Define a purpose and values;
2. Stakeholder collaboration;
3. Formation of Conscious Leaders.

Culture is responsible for uniting and intersecting all pillars. Therefore, the authors bring some characteristics of companies that have conscious cultures, they are:

- Confidence;
- Responsibility;
- Watch out;
- Transparency;
- Integrity;
- Loyalty;
- Equality.

Furthermore, conscientious companies bring characteristics such as decentralized management, which allows autonomy and promotes collaboration between all those involved.
These characteristics are capable of promoting a company's creativity and innovation.

What do other authors say about it?

In the book “Reinventing Organizations”, Frederic Laloux says that organizations are shaped according to the evolution of human consciousness. Today, there are some companies that encourage their employees to participate in making more complex decisions.

In “The Secret”, Rhonda Byrne argues that everything is energy. This energy vibrates according to your thinking and feeling. The tip is to let go of the part of your past that does not suit your present and your future.

In "Start Something That Matters", Blake Mycoskie shows you the connection between social purpose and entrepreneurship. To this end, the book presents how Blake brought personal, professional and philanthropic ambitions together in a single mission by creating a company that donated shoes for Argentine children.

Okay, but how can I apply this in my life?

- Define values that the company believes in;
- Work for a greater purpose than the company;
- Define all stakeholders and treat them in the same way;
- Integrate stakeholders and always seek a win-win solution;
- Be a leader or a conscious human being, regardless of your position today;
- Know that the culture acts unconsciously, but impacts the results. So, work to implement a conscious culture in your company.

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