



BUSINESS MUST Richard
Hardyment
MAKE LIFE BETTER

Big business today is under scrutiny like never before. Trust is flaky. Consumers are cynical.

Many companies talk about playing a role in society—through philanthropic giving and environmentally sustainable practices. But few have defined their ambitions for life. Companies have a phenomenal impact on how people feel—on our wellbeing. Yet there has been a deafening silence from the private sector about the central purpose of human existence. In our turbulent world of change, we desperately need a more human form of capitalism that places people at its heart—whether that’s farmers supplying raw materials, factory workers creating goods, or shoppers buying and consuming products and services. We need business to embrace a wellbeing purpose with an audacious ambition: to make life feel better.

The private sector is in the court of public opinion. Cynical consumers have lost trust in firms, fueled by tales of tech companies playing fast and loose with our data, sexual harassment in workplaces, fraudulent financial services firms, energy and other extractive industries trashing pristine natural environments, sweatshops in supply chains that skirt basic human rights, and big pharma companies denying life-saving drugs to the poorest, while peddling painkillers that get them addicted. The proportion of Americans saying that they trust business to “do the right thing” is in free fall.

Corporations have power—power to change lives. They connect and affect billions of people every day. So why have so few leaders sought to address a very basic question: does our business model add up to making life better? Do we make life happier, and more fulfilling, for our employees, suppliers, customers and communities?

This challenge to business and its role in society comes against a wider backdrop of social change. Inequality is rising and faith in the elite to solve life's problems seems to have evaporated. Global political changes have tapped into this new zeitgeist with the election of Donald Trump, the UK's dramatic vote to leave the European Union and populist movements popping up across the world. In these debates, it's never the rational economic arguments—the appeal to reason—that triumphs. In what's been called a post-truth world, feelings beat facts. Emotions count for more than economics. Rather than objective measures, it's how we feel life's going that really matters.

For those who care about the role of business in society, this should sound alarm bells. The old idea that companies can be left to create wealth, and can let it “trickle down” so we all get some, is dead. Instead, private corporations are rightly under intense scrutiny. The media and non-governmental organizations are shining a spotlight on corporate misdeeds. The explosion of social media has only intensified that scrutiny—including that on the social media companies themselves. Shortly, every consumer, employee and even distant supply chain laborer will have access to a smartphone, an opinion and a potentially massive audience.

The impact of business on our world matters more today than ever before—to consumers, employees, regulators, and everyone else that makes or breaks a business plan—because the impact of business on life is larger than ever before. We need some truly radical ambitions from companies. The private sector needs to wake up and start measuring, managing, and improving its impacts on life.

Wellbeing as The Goal

Feeling good is a fundamental and self-evident aim of life. The Ancient Greek philosopher Aristotle described wellbeing as his summum bonum—the “highest good.” It’s the ultimate aspiration that we all share in life. As he put it: “happiness, more than anything, is absolutely final. For we always choose it for the sake of itself and never for the sake of something else.” By this, he meant that we want to be happy for its own benefit, not because it leads to anything else. All other things—money, freedom, status—are means to that end.

There are many different types of happiness. The smile induced from sipping a refreshing drink is very different from the satisfaction gained from a reliable job with supportive colleagues in the factory that produces it. The frustration created by bad customer service pales in comparison to the misery from human rights abuses in the supply chain.

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Wellbeing is made up of three parts: positive emotions and moods (such as joy, amusement, and contentment); negative feelings (such as anxiety, anger, and pain); and life satisfaction. Business affects all three areas. But the third part, life satisfaction, is the most substantive. It requires us to step back, to view things in the round and make a personal evaluation.

The science of wellbeing has advanced rapidly in recent years. We now know more about what makes us happy—and miserable—than ever before. In the academic world, this is called subjective wellbeing. It's about how people feel life is going. It is typically measured through questionnaires where individuals report how they are feeling. Does that make them unreliable? Far from it. These studies have been repeatedly tested. Objective measures (such as brain scans) accord with subjective measures of wellbeing (asking people). Probing friends and family how happy they think someone else is backs up the self-reported scores. This can give us confidence that subjective assessments are a pretty good reflection of how people really feel themselves.

A huge number of studies with different methodologies in multiple cultures asking variants of the same questions to millions of people have all reached similar conclusions. This vast empirical data set, taken together, tells a forceful story about what does and does not make us happy. The key point is that we can now measure, quite robustly, what actions governments, organizations, and citizens can take that makes life feel better.

Political Interest

Many governments around the world are exploring wellbeing as a new way to measure progress. As a complement to the traditional gross national product (GNP), governments have pioneered measures that have been dubbed “gross national happiness” (GNH).

The political interest traces its roots to 1776. Thomas Jefferson decreed in the Declaration of Independence that “life, liberty, and the pursuit of happiness” were “inalienable rights” that government must protect. One of the most powerful critique of traditional economic measures came from Robert F. Kennedy who proclaimed in 1968:

“Gross National Product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage. It counts special locks for our doors and the jails for the people who break them. It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl. It counts napalm and counts nuclear warheads and armored cars for the police to fight the riots in our cities. It counts Whitman’s rifle and Speck’s knife, and the television programs which glorify violence in order to sell toys to our children. Yet the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile.”

Today, the governments of the UK, France, Canada, and South Korea are collecting official measures of their citizens’ wellbeing. Experts from Maryland and Vermont, as well as Australia and the United Arab Emirates, are exploring similar metrics. As far back as 1972, the King of Bhutan announced that “gross national happiness” would become a primary aim of his country’s development. According to some leading policy thinkers, wellbeing metrics could one day become the primary objective of all government action.

In today’s world of rising uncertainty, with growing inequality, rising nationalism, and geopolitical instability, the happiness of populations has never been more important. But what does this mean for companies?

The Corporate Wellbeing Footprint

Since the Declaration of Independence, the global economy has grown at around 2.5% every year. As a result, each generation is about a third better off than the last. But despite massive consumer choice, increasing average incomes, rising life expectancy and safer workplaces, most Americans are no happier with their lives. When asked to rate their satisfaction with life, where 10 represents the “best possible life” and 0 is the worst, Americans average around 6.8 (the global mean is a touch above 5). In what’s known as the Easterlin paradox, it’s been shown that above a certain level of income, as countries get richer, their populations do not get any happier.

This has intriguing implications for companies. It also questions one of the sacred cows of capitalism: perpetual growth. Business plays a role in shaping values and culture through its employment practices, product development, marketing, and advertising. But creating expectations that more money and more consumption will automatically lead to happiness is a false promise.

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The good news is that there is a huge opportunity for companies to make a difference when it comes to wellbeing. Every day, corporations exert an astonishing impact on life. The world's 2,000 largest companies control assets worth \$170 trillion. They employ millions of people and shape billions of lives through the products and services that they source through supply chains, make in factories, distribute across the world, and market to you and me.

Some of the influences that companies create are positive, such as a steady job or a product that improves our health. But others are negative, such as human rights abuses, stress in the workplace, soul-destroying advertising, and unhealthy products. The sum of all these positive and negative impacts is what I call the Wellbeing Footprint—it's like a profit and loss account that explains a company's imprint on life.

Let's take a chocolate bar by way of illustration. Beginning at the very top of the supply chain, there may be multiple imprints on happiness. The cocoa farmer has a stable job. But undignified working conditions make it unfulfilling. The chocolate factory manager jumps for joy at a promotion. But her longer hours and commute take their toll. The consumer enjoys devouring the treat. But one too many might make a health problem worse. Our physical (and mental) health has a massive impact on wellbeing in the long run. The tension between short-term kicks and long-term health and wellbeing is one of the central challenges of building brands for wellbeing.

Each step along the value chain can enhance or reduce wellbeing. Businesses that aspire to improve their impact on the world must try to eliminate the negatives and improve the positives in each area for as many stakeholder groups as possible.

Thirty years ago, the idea of environmental measurement seemed impossible. Today, many leading companies are able to make highly detailed estimates of their credits and debits in natural capital accounting. Much work has been done in the field of socio-economic impact

studies. We can calculate the business footprint on jobs, salaries, training, and taxes. Even the indirect and knock-on impacts across communities can be worked out.

The same ideas must now be applied to the goal of life satisfaction. Some intuition is required. This is fundamentally about making a judgement as to what will do most to maximize happiness and minimize misery—in the long run. Don't forget: it's not about short-lived smiles and jolly straplines. That's not sustainable. We are talking about measurable, substantive improvements to how we feel about life. We don't need a detailed statistical scorecard to take action. We just need some reasonable insight to target our energy on the best ideas. So where should business focus?

Three Vital Ingredients

There are three vital ingredients to wellbeing that any organization can influence:

Opportunity: creating jobs, particularly those that provide a sense of meaning and purpose, with as much autonomy and flexibility as possible, right across the value chain. Quality matters, but even a bad job is better than unemployment.

Vitality: dramatically improving our physical and mental health, such as through advertising that enhances self-esteem, selling experiences that are rewarding and fulfilling, and food and drink that nourishes.

Connections: strengthening personal relationships in the workplace and at home, reducing isolation and loneliness through product solutions, and improving the safety and security of all those touched by the business.

There is also a massive commercial opportunity in fostering wellbeing. Disengaged employees cost American businesses an astonishing \$500 billion every year in lost productivity. Boosting happiness not just for staff, but right across the supply and distribution networks, can save money and dramatically increase outputs. That means lowers costs and higher margins.

Reducing unhappiness should excite the most forward-thinking executives. All businesses aspire to develop solutions, to bring a benefit and value to those who need it. The wellbeing economy provides a fantastic new way to create value for society. From a consumer perspective, brands that can bake wellbeing into their business solutions can ignite long-lasting improvements to people's lives. This is absolutely not about communication campaigns—you can forget those smiling adverts full of empty promises.

Instead, we are talking about using the power of business to improve health, relationships, self-esteem, and all the things that raise quality of life. When a business makes life feel genuinely better, the consumer becomes the most powerful advocate that any brand could wish for. A stronger brand and higher revenues naturally flow from a focus on real human needs.

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Social Purpose

In his 1970 article for *The New York Times*, Milton Friedman famously argued that the sole responsibility of business was to make a profit for shareholders. Thankfully, many businesses today recognize a wider purpose to contribute to our world. So what should a modern business aspire to exist for?

I believe companies that care about their role in society need to adopt a new purpose: to maximize human happiness for all those touched by a business. Enhancing wellbeing is the logical next step for responsible and sustainable business in a world where more and more organizations are looking to combine a financial return with social impact. A sustainable future means nothing unless we agree what it is about life that we are trying to improve.

The end goal is what I call a Wellthy Company: a new type of corporation that creates wealth through wellbeing. A Wellthy Company boosts life satisfaction (wellbeing creation) and generates profits in the process (wealth creation). The fruits of this wealth are shared with society through salaries for employees and business network partners, taxes for governments, and returns for shareholders.

This Wellbeing Purpose is not about the scattergun approach of Corporate Social Responsibility (CSR). Activities aren't undertaken in the vague hope of "social impact." Instead, we start with defining the future we want to create for humanity: an economy of organizations that enhance quality of life.

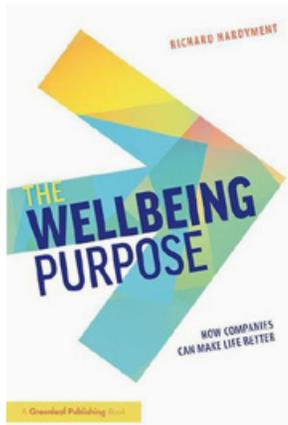
Of course, not all businesses can and will rise to this challenge. Governments and regulators have a critical role to play in setting the facilitating framework: rewarding the good guys and penalizing the polluters and those who damage life. The actions of any one company may be small, but, taken together, the private sector adds up to a phenomenal influence on wellbeing.

The social purpose of every organization should be to enable more lives to flourish. Companies can no longer afford to be silent on the overall objective of life on this planet. They must strive to work with governments to make life more fulfilling for the 2.2 billion people who wake up each day and, if asked, would rate their very existence less than 5 out of 10. They must strive to create more reasons for everyone to feel that living has meaning, and that they have a purpose in life.

Our world has never been more in need of a happiness agenda. The size and power of modern corporations gives them a unique responsibility to minimize suffering and improve how we feel about life. I believe that the future of business will not be about whether your organization is zero-carbon, or ethical, or sustainable. **It will be about whether you are raising life satisfaction—whether you have a positive wellbeing footprint. A future where more companies aspire to improve how we feel about life is something we would all be happier for.** 📌



Info



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