



Being “Good” Pays Off Big

21st Century Values are a Winning Strategy in
Business and Personal Life | Peter Georgescu



We used to think that being a good person in business would be nice. Those who went to church or synagogue on the weekend would hear preachers extol the virtues of being good on a weekly basis and trumpet them aloud on the big holidays. It felt good to hear the value of being a good person, but Mondays came along and nothing ever changed. After all, business is hard.

And the first dozen years in the 21st Century demonstrated just how much harder business has become. Chances are that business will get even tougher and more competitive in the years ahead. So we've all got to man up for the brutally competitive world out there, don't we?

Well, no. To find a winning strategy for the 21st Century business world you'll need to grasp why the world of commerce has changed so dramatically in recent decades.

In my view, there are four major forces that, individually and collectively, have changed the global business landscape and will continue to dominate global commerce, whatever your business, for decades to come.

1. First, there is the explosive power of technology. Here's how technology is affecting the world of business.

a } It increases productivity. Fewer people can now get the job done—often with an increase in quality. This is a major driver behind today's unemployment.

b } Technology can, has, and will create disintermediation. Simply put, technological innovation can put companies, even entire industries, out of business virtually overnight. Think of what the cellular phone has done to the landline telephone business after trillions of dollars were invested in wiring the world. Or what the Internet is doing to local, even national, newspapers or the yellow pages or classified. Even the personal computer is now at risk of losing out to all the new touch screen mobile devices.

c } **Having said all that, technology can and will create new opportunities**, new successful businesses big and small. Just think of Amazon, Google, or Apple. And there are still thousands of business ventures sprouting across the land every day.

2. **Next, of course, there is globalization.** Start with the dramatic reallocation of resources. Tom Friedman of The New York Times famously declared that “The World is Flat.” Simply put, there is a democratization of business going on. Whomever can produce products of the same quality or better at a cheaper price generally gets the business. Yes, free commerce and free enterprise is not a perfect system, and nations affected by technology or cheap labor try hard to protect themselves with all kinds of protective tactics. It’s often messy out there, but the trend is unmistakable. Increasingly, we now live in a global village.
3. **Globalization and technology have given birth to the amazing competitive powers of the Developing World:** China, India, and Brazil just to name the current leaders. They represent a sustained, major competitive force. They are much more than just cheap labor. They are investing in new technology and are educating masses of their citizenry for the technological and innovative businesses of tomorrow.
4. **Lastly, the combination of all these factors has changed dramatically the economic rules of business engagement between providers and consumers.** In the aftermath of the

Second World War, the developed world entered into decades of an Excess Demand Economy. The emerging consumers of the postwar era expressed a voracious desire for products and services that outran their supply. The providers and producers were in control.

Prices were good and relatively inelastic. Margins were easy to keep up. Profits were strong. Technological innovations would last years if not decades. That happy era for business came to an end. Technology, globalization and the pressure of the Developing World has created in the last decade or two the World of Excess Supply. In almost every product category and every industry, production is capable of producing goods and services far in excess of demand.

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Today, these four forces of free market capitalism will continue to naturally drive an excess supply world in which all products and services will become increasingly similar. Technology will eradicate differences. The advantages of innovations will become shorter and shorter. From a business perspective, that's the cancer of the 21st Century economy. This cancer is called commoditiza-

tion—when products and services are in fact and perception increasingly the same. The resultant reality is downward price pressure, where the lower prices drive down margins and lower profits. Welcome to the 21st Century excess supply business world where competition will continue to get tougher and tougher!

So what's the antidote? Allow me a small digression to begin with.

I remember being on a business trip to Malaysia some years back. My wife Barbara accompanied me, and between meetings on a weekend, Barbara and I visited the beautiful island of Langkawi. One bright sunny morning we took a botanical tour with the help of a most engaging local guide. Along a beach path, just a few yards from a dense forest, he suddenly stops: "This plant, he points, is the most poisonous killer in the world. One drop and game over." Then he walks some 10 feet and touches a second bush. "This, he says, is the antidote plant. A few drops and the deadly effect of the killer plant will be neutralized." Well, as in nature, there are antidotes to the commodization curse in the excess supply world—two, in fact. The first is innovation. Innovation has been recognized and thoroughly discussed, even if not always well understood. The only point to make here is the simple fact that sustainable creativity, the process of innovation, cannot exist at its best without the second antidote: values. Yes, basic human values are one of the two most fundamental antidotes in the excess supply world. What that means is that basic values have become the most crucial characteristic in a businessperson's life. The implication is clear.

One must act consistently, as a good person, in all business encounters—and presumably in one’s personal life as well.

Now that’s wonderful to contemplate, but not always easy to do. And, as I suggested earlier, it may seem counter-intuitive. Until, of course, you understand the excess supply transformation.

So how do we get to behave more consistently as good people?

My obsessive preoccupation with good and evil started early in life. Born in Romania at the start of the Second World War, history invaded my personal life and changed me in a profound way. My father was arrested by the Nazi regime because he was the General Manager of the largest oil-producing region in Romania (the Ploesti Oil Fields—the Saudi Arabia of Europe, in its prime) which was owned by the American oil company ESSO (Exxon today). After the war, my father was released, and he resumed his life in business. Yet, as it turned out, my parents and I were separated once again. My dad and mom were in New York at ESSO headquarters when the Communists took over Romania and the Iron Curtain fell. My parents would have been killed had they tried to return to their native land. Shortly thereafter, my grandfather (with whom my brother and I lived together with our grandmother) was arrested. He was a Romanian patriot, a Statesman, a people’s politician who cared for his people and improved their quality of life in the largest part of Transylvania where he had been Governor. Then almost 80, he was revered

and respected. Yet, under the Communist terror regime, grandfather became a potential threat. If you'd known him you would have thought this was ludicrous; he was such an honorable human being.

The Communists didn't see it that way. One night, the Party's devoted followers came into our home and arrested him—an unforgettable evening for a young boy. We later learned that he was murdered in prison by a guard who forced him to scrub the floor of his cell and kicked him in the face until he died. He was essentially beaten to death with a boot. Not much later, my brother and I were arrested and put into hard labor. We spent 10 to 12 hours days cleaning sewers, as I was small enough to fit into those pipes. Later on we would dig holes for telephone and electric poles in the countryside close to the Russian-Romania border. Of course we were offered no schooling whatsoever for all the years we were in this state of servitude. Much of the high-voltage electrical work was life-threatening, as well—completely inappropriate for a small skinny boy like myself.

After we were able to leave that hell through the noble intervention of Congresswoman Frances Bolton and President Eisenhower, I could not let go of a fundamental question that has haunted me my entire life. Why would people do such horrific, uncalled for, unjustified acts of hatred to my grandfather and then to two young innocent boys? Political explanations were insufficient. The question was an existential challenge. Later on, even in America, when I thought I had left all evil behind in Romania, I experienced good people doing evil unto one another. But why? Why is

it possible for people, most of whom can also be loving and compassionate, to do terrible things in the business world and their personal lives?

Years of reflection led me to understand that our original sin as humans is a set of behaviors built into our genetic code through evolution. It was the experience of some seven million years as bi-pedals and our dangerous life on the ground, in the tall grass and jungles, when the chimps were forced by some undetermined natural catastrophe to leave their much safer habitat in the trees of the African plains.

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On the ground, our human ancestors had to contend with the ruthless, aggressive predators that, as carnivores, were constantly hunting for weaker creatures roaming their natural habitat. So, they—our ancestors—had to learn to kill, to deceive, and to become brutal in order to survive. Aggression, violence, and anger, the fundamentals of our fight-or-flight neurological mechanism became the key to survival. Deception played a role. Climate change also taught those tormented creatures invaluable lessons. To protect against poor crops, hoarding became critical. More food,

more needed supplies were good. The more the better. All the earlier versions of what we consider evil behavior now were exactly what enabled us to keep standing on two feet.

This “me first” behavior was essential to survival. And when one’s tribe didn’t have enough to eat, finding another Tribe’s reserves was fair game—killing and plunder, and all the rest. More than seven million years of DNA encoding and those instincts became wired in our brains and our makeup.

Only recently, with the advent of civilization, have those atavistic traits become a problem. Scientists claim our version of Homo Sapiens came into being some 170 thousands years ago. So it is only in modern man’s life cycle, when our creative minds, our scientific knowledge, and our aspirations for kindness and compassion have more fully developed, that our past legacy became a real issue. When pressed or stressed we still revert to those base instincts. For a long time into the future, we will have these egocentric tendencies: me first, the more the better, entitlement, and narcissism. In business, in order to win, we are often willing to lie and cheat if the stakes are high enough. We also rely too often on force to get our way. The feelings of “the other” are far from our minds and consideration. Again, me and my success come first.

But we have another side. There is amazing kindness and thoughtfulness built into human nature. In my own experience, I owe my life to a Congresswoman from Ohio and a President of the

United States. They helped the Georgescu family—even though we were perfect strangers to them, simply because it was a right thing to do and they could help. They were only two examples of people that have reached out to me throughout my life and changed my world for the better.

I suspect most every person reading this article has had similar experiences. In the aftermath of the violent Sandy storm last fall, many thousands of people experienced the same thoughtful gifts of kindness. Generous and good people gave to those in need, because they could.

As individuals we have a choice to make every day, countless times a day, and we can choose the path of the good, or give into our base, evolutionary instincts. And we can choose to live by a higher set of values. It's a constant choice between doing good and doing evil. And let me define evil as any action that harms other people. Good intentions are simply not good enough. We must be responsible for the ultimate results of our actions.

I am not asking for perfection for myself or you the reader. No, we are human and being good is a tough slog. But I know I wake up most every morning and do my best to choose the good in whatever challenges confront me. Yet I also know that understanding the source of human evil can be a very empowering knowledge. I know where the evil impulses are coming from, and I know that it is within my power and my will to choose the good over that. So I try and fail often enough, but tomorrow morning I'll pledge to try again.

So does all this matter in business? I'll offer a few examples.

In the early 1980s, I was made President of Y&R International. At that time Young & Rubicam did not have a well-developed global network. We had only two offices in Asia, one in Hong Kong and one in Tokyo. In those days Y&R management had a choice. Expand aggressively through Asia and Latin America or consolidate our business in the United States and Europe.

One of my very first assignments was to go to Asia and decide whether to close shop on that continent or expand. The criteria for the decision were clear. Could an honorable organization conduct business in a region rife with corruption of every kind? It was both an issue of principle and a matter of good business. So off I went to India with the plan to stop in all the major business centers in Asia and end up in Japan. What I found was indeed surprising. I discovered that both global clients and many large local companies were eager to do business with honest organizations that wouldn't have their hands in their pockets—and vice versa. They wanted straight relationships based on trust and fair play. They wanted to rely on peoples' word, fairness, and meritocracy. Our own competitors, those with strong global networks, had similar positive experiences. Y&R's choice became obvious. We successfully acted with confidence, and by the end of the 20th Century when I retired as Chairman and CEO, Y&R had global presence through 450 offices in some 70 countries in large part because we stuck to our values.

Our experience was very typical of many American businesses. In the last part of the 20th Century, American companies expanded successfully not only because they had good products and services, but also because so many local companies wanted to do commerce with organizations they could trust—honorable people whose word was as good as a contract. Companies in Asia and many in Latin America admired our values. Being good, putting our values into action paid off. The good guys kept on winning.

A second powerful example of the role of values in business can be found in the very process of innovation. Sustainable creativity must be institutionalized in organizations. You are probably wondering how values figure into this? Well, we know that creativity can operate neurologically only when the mind is at peace. Bullying, threatening, and fear produce sub-optimal results. A solution can be demanded and delivered on time under duress, but the solution is unlikely to be outstanding. Science has proven that fact again and again. As a result, winning organizations that foster creativity have a greater respect for fairness in the workplace. They provide employees with a supportive and nurturing environment. The successful companies have values-based cultures which are reinforced day in and day out. To do that, the best managers learn how to behave consistently as good people. Keep doing that every day and one can in fact become a superior, better person—down to the level of DNA, as the new science of epigenetics has shown. Habitual, good behavior actually can alter the way an individual's genetic code operates.

Some years back a friend sent me a mighty short book. The title startled me. At first I thought my friend was teasing me. He knew how obsessive I was about running a customer-centric organization, and yet the book he sent me was entitled *The Customer Comes in Second*. Wow, I thought, that just doesn't work. But as I read a few more pages, I got it. The employees, the book claimed, must come first, and it all made sense. How could the employees treat the customers with respect when the organization didn't treat them with respect, when it considered them second-class citizens? Values are the tools to treat customers with dignity and respect and winning organizations know that the Golden Rule has become a key to success in business: "Treat others as you would have others treat you." So yes, values matter, again and again and again.

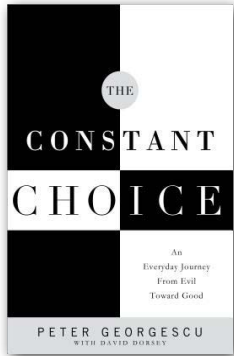
The new winning companies—the Googles, the Apples, the Patagonias—are demonstrating how practicing values is a winning strategy in business. Not merely because it's the right thing to do, but because it's the only way that works now.

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I will close with a word of caution. In our times today, as a society and a nation, we seem to ignore what helps us to be at our best. The fiscal crisis was brought about by our insatiable greed gone wild. Too many white-collar crimes are being committed and reported daily, and too few are prosecuted and committed to jail. Churches, business leaders, and politicians are losing credibility and influence. Too many families don't teach values. We are all too busy for that. Worse yet, we just witnessed the most valueless political campaign in modern history. Blatant lies seemed not to matter. When facts disagreed with their stated positions, the facts got changed. And then we expect the next generation of young leaders to behave with honor and integrity? Youngsters in school, even the smart ones, cheat with abandon, simply because they can. We can and should expect, and be, better.

My generation needs to leave behind a better legacy. And the next generation must raise its game. We must commit to practicing the right choices, the choices for the good. We can make a better world; we are capable of being better business people and better people to our families, our communities, and to our nation. **So, tomorrow morning, let's make a promise to ourselves and each other to choose the good—because we can, and because we must.** 📌

Info



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ABOUT THE AUTHOR | Peter A. Georgescu arrived in America in 1954, after years of forced labor as a child in communist Romania. Today, he is chairman emeritus of Young & Rubicam Inc., which has more than 300 offices around the globe, vice chairman of New York Presbyterian Hospital, a member of the Council on Foreign Relations, and a graduate of Princeton and Stanford Business School. His lifelong quest to answer the question “Why does evil exist?” led him to ongoing philosophical and spiritual study and an integrative view of morality, religion, and our power to do good and change the world.

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