

The Heart of Business

"The new era of capitalism with a conscience is as much about improving the world as it is about improving performance." — **Raj Sisodia**, Professor of Marketing, Bentley University

Bentley Professor Raj Sisodia, co-author of *Firms of Endearment*, is at the forefront of a business transformation known as Conscious Capitalism®. Here he shares his thoughts on why companies should realign around a higher purpose, in pursuit of a better world.

What characterizes a "firm of endearment"? The firms we profile in our book actively connect with—or "endear" themselves to—their stakeholders at a deeply emotional level. These firms spend less on marketing and executive salaries and more on employee compensation and benefits. They succeed by striving for share of heart rather than share of wallet.

Is this a profitable business model? As a group, the firms in our book outperformed the market by nine to one over a ten-year period. These companies are creating greater value by meeting the interests of all their stakeholders, not just their shareholders. That means society, partners, employees, customers and investors—it's capitalism with a conscience and a sense of interconnectedness.

How is this different from corporate social responsibility? Corporate social responsibility is important but if your core business is harmful to people and the planet, it's not enough to mitigate it by being socially responsible in other ways. It takes a fundamental realignment of your business purpose.

How are "firms of endearment" surviving the economic downturn? Like all companies, they are making the necessary adjustments but they are trying to do it in a responsible, transparent, more humane way. This is an opportunity disguised as a crisis. Ultimately, these firms will emerge even stronger.

Is this movement taking off? Around the globe, hundreds of CEOs, entrepreneurs, academics and other thought leaders are coalescing around this movement, understanding that if we align the interests of all stakeholder groups in pursuit of a higher purpose, everyone profits.

To learn more about our faculty research, innovative programs and cutting-edge technology, please visit our website.

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