Foreword

Television producer and writer Norman Lear once told me, "When I've been most effective, I've listened to my inner voice." Lear's inner voice gave him the courage to transform television's voice with his society-mocking domestic comedy, *All in the Family.* Despite a string of impressive television successes, the raw texture of *All in the Family* made it a tough sell. But Lear was driven by a sense of mission on behalf of the entire country. His persistence paid off when CBS finally agreed to run the show.

Confident that one person can bring about big changes, Lear forced us to examine some of the most fetid prejudices that bubbled below the surface of society in the early 1970s. When *All in the Family* debuted, teeming throngs demanding civil rights for all and an end to the war in Vietnam swarmed in the nation's streets and on its college campuses. America's easy-going post-World War II composure was dissolving. Lear thought it was time that we tuned into our inner voices to hear what they had to say about how well we honored our claim to be a just society.

Firms of Endearment brings to mind Lear's respect for the counsel of his inner voice. Judging by recent headlines, corporate America has too few leaders who open their mental ears to their inner voices. Rather, they take cues for their behavior from the external world where pursuit of power over others is the daily priority. Sadly, such ambitions weigh on us with a pervasive presence that extends far beyond the world of business. We are regularly served up headlines calling attention to abuses of power in government, academe, clinical research centers, social service agencies, and religious organizations. We seem overrun these days with people in high positions who compromise their organizations and the general welfare with their propensities for self-aggrandizement, avarice, and other perversions of public and private trust.

Happily, *Firms of Endearment* gives us hope that we are not morally going to hell in a handbasket, a relentless stream of headlines about moral failures in high office notwithstanding. The men and women cited in this book as exemplars of conscionable leadership give us reason for optimism about the character of our future leaders in business and other sectors of society.

These executives operate by a guiding vision of service that takes into account all their primary stakeholders: customers, employees, suppliers, partners in the supply chain, the communities in which they operate, and of course, their investors. Their companies follow a *stakeholder relationship management* business model rather than a traditional stockholder-biased business model. At all levels of operation, these companies exude the passion of their leaders for doing good while doing well. Following Polonius's advice to his son in *Hamlet*, these leaders are true to themselves. They evidence keen self-knowledge and project candor and maturity—three essential elements of integrity—in their interactions with others. In return, stakeholders in every category place uncommon trust in their companies and products. Beyond this, stakeholders develop real affection for such companies. They literally *love* firms of endearment (FoEs).

It is not too much of a stretch to see that as FoEs proliferate—and that they are doing—the principles of leadership that guide their destinies will be adopted by organizations of every stripe. Indeed, the future well-being of this country could depend more than a little

on executive leadership of the caliber and mindset described in this book.

With a title that stands for the empathetic concerns of companies that wear their hearts on their sleeves, this book is about the pragmatic role of love in business. However, this is not new ground, as the authors note. Tim Sanders, then chief solutions officer of Yahoo!, lauded the idea of love as a strategic cornerstone of a company's operations in his 2002 book *Love Is the Killer App: How to Win Business and Influence Friends.* He wrote, "I don't think there is anything higher than Love…Love is so expansive. I had such a difficult time coming up with a definition for Love in my book, but the way I define Love is the selfless promotion of the growth of the other." Three years later, Kevin Roberts, head of one of the world's largest ad agencies, Saatchi & Saatchi, told of brands transcending the mundane foundations of branding to reach a higher level of existence as a "lovemark." He put forth this idea in a book titled *Lovemarks: The Future Beyond Brands.*

Firms of Endearment is a paean to leaders driven by a strong sense of connectivity to their fellow beings. It celebrates leaders who leverage their humanness by inspiring others to join them in making the world a better place. A few years ago, Timberland CEO Jeffrey Swartz accepted a friend's invitation to spend half a day in a teen halfway house. His friend promised him that his life would never be the same. After answering a troubled teen's question about what he did ("I'm responsible for the global execution of strategy"), he asked the teen what he did. The response: "I work at getting well." Swartz said later that the teen's answer trumped his own answer.

Swartz's friend was right. His life changed that day. He left his office as a hard-driving COO striving to make Timberland the biggest and best in its category and returned as an inspired COO bent on enlisting his entire company in a campaign to "make the world a better place." That is literally how Jeff Swartz describes his company's mission today. Doubtless, some will charge Swartz with shortchanging his stockholders by espousing so expansive a mission. However, the stock of this footwear and outdoor apparel company has risen nearly 800 percent over the past 10 years.

The effectiveness of FoE leadership testifies to something most of us have known for a long time but have generally not felt comfortable talking about in our organizations. Praiseworthy leaders achieve greatness by inspiring love in others for their vision.

Judging by the stories in this book, Yahoo!'s Tom Sanders is absolutely right: Love is the killer app. Love helped turn FoE Southwest Airlines into the most successful airline in history with 33 years of unbroken profitability. Appropriately, its stock symbol is LUV. Co-founder Herb Kelleher consciously developed a culture of love that ironically encompasses his employees' unions. FoE Commerce Bank's founder, Vernon Hill, adapted the "love is the killer app" idea to banking to make Commerce the fastest organically growing bank in America. The culture of love nurtured by FoE Costco co-founder Jim Sinegal protects shareholders against ill-taken management decisions based on the demands of Wall Street analysts who would have Costco pay employees less, pare back their benefits, and charge customers more.

It would be good enough that FoEs simply did well by their non-shareholder stakeholders while modestly rewarding their investors. However, as the authors show, FoEs have generally rewarded their shareholders to an astonishing degree.

In the end, this book is about leadership and the culture that leaders of FoEs develop and nourish. When asked about their biggest competitive advantage, most CEOs of FoEs say it is their corporate culture. Southwest Airlines so much believes this that it has a 93-member Culture Committee. The committee's job is to ensure continuation of the culture that has made Southwest arguably the most successful airline in history. Committee membership includes employees from every level.

It is hard to imagine the executives we have recently seen led away from their companies in handcuffs spending much time thinking about their corporate cultures. True leaders focus less on their own self-interests than on the interests of the whole. They believe that the full well-being of one depends on the well-being of all. Leaders who focus on their own gains in running a company or other organization are not true leaders. They may be positioned as the head of a global enterprise, a branch of government, a congressional office,

a major university, or a local parish, but they are leaders in name only. They command others only by virtue of their positions, not by the content of their character. They are so consumed with self-interest that they are blind to the well-being of others.

All that said, this book makes it easier to imagine that someday not far down the road everyone will demand of leaders in business corporations and every other type of organization the kind of impassioned pursuit of a broader purpose found in FoEs. As the authors of this remarkable book observe, two things have happened to make that so. The first is the Internet. As it entered the mainstream of society, it dissolved the information advantage organizations have traditionally had over their constituencies. The Internet has shifted the balance of information power to the masses. This has made it much harder to hide the misdeeds of morally deficient leaders and organizations.

The second event is the aging of the population. For the first time in history, people 40 and older are the adult majority. This is driving deep systemic changes in the moral foundations of culture. Higher levels of psychological maturity mean greater influence on society of what Erik Erikson called "generativity"—the disposition of older people to help incoming generations prepare for their time of stewardship of the common good.

Abraham Maslow spoke of people who operate at the higher reaches of maturity as being concerned about matters beyond their own skins. That sums up the disposition of FoEs. With clear-minded certainty about the correctness of their balance between the pursuit of purpose and profits, the leaders of FoEs involve their companies in matters beyond their immediate boundaries—generally with felicitous results for shareholders.

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