

Completing Capitalism:

Heal Business to Heal the World

By Bruno Roche and Jay Jakub

Berrett-Koehler 2017, paperback, 192 pp, £14.99, ISBN 15200 72864

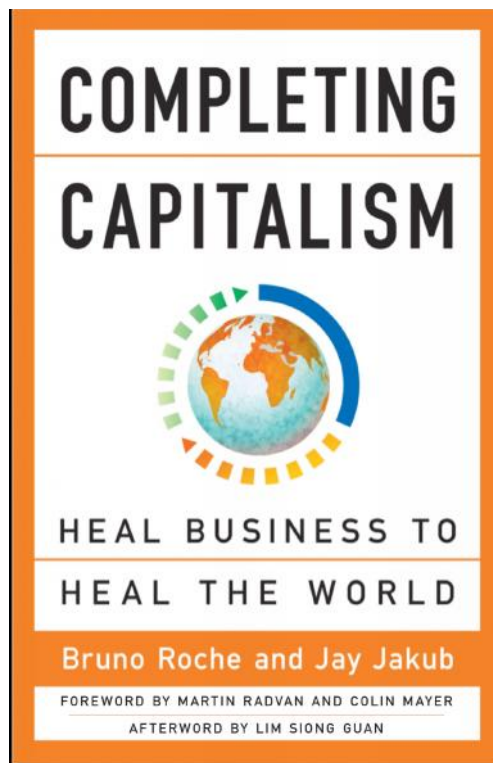
“How much profit should a company make?” This is a question which started the global food and beverage company, Mars Inc, on an interesting journey of corporate discovery. In *Completing Capitalism* Roche and Jakub describe the journey so far.

In the early 2000s increasing numbers of people were questioning whether business, the financial sector and indeed the western economy were showing signs of losing their way – of actually losing sight of their purpose. Excessive salaries for senior managers; investor short-termism; private equity funds buying up companies, stripping out capital and putting them back on the market loaded with debt; the mis-selling of financial products: these were just some of the practices causing concern about the way capitalism was heading.

Since the early 1970s the established orthodoxy of economics, initially expressed by Milton Friedman and developed by the Chicago School of Economics, was that “*the one and only social responsibility of business is to maximise the profits for shareholders.*” But a contrary view, which could be summarised under the heading *impact investment*, began to emerge in the early 2000s. Its essential postulate is that business needed a broader view than that expressed by Friedman and his supporters, namely, responsibility for its impact on the additional three areas of stakeholders – employees,

communities and the environment, as well as the generation of healthy profits.

The financial crash of 2008 with its economic consequences for business



and the ordinary man and woman in the street significantly increased the number of business leaders and investors who were exploring impact investment. But although impact investment has generated a healthy return for all four areas of impact, business and investment practices have changed little following the financial crash. Consequently, more and more business leaders, economists and political commentators are expressing concern that capitalism has lost its way (e.g. *Financial Times* 22 October

2017, “Top UK business Leaders Decry Current State of Capitalism”).

What options are there for a different future?

- Abandon capitalism? If so where is the alternative?
- Move towards a more socially responsible capitalism?
- Corporate social responsibility, while commendable, does not fundamentally change the way business is done.
- Increased political intervention and regulation?
- The track record for politicians in solving problems of business and finance is not strong.

In *Completing Capitalism; Heal Business to Heal the World*, Bruno Roche and Jay Jakub describe a long-term project within Mars Inc. which addresses these issues. It is a quantum leap forward from the impact investment approach.

Rather than measuring impact in the areas of the four-fold bottom line (downstream) they have investigated the outcomes from the perspective of regarding the four areas as different forms of capital (upstream) for investment; and then maximising the return on investment in these four areas of human, social, natural and financial capital. Their initial projects have demonstrated that this approach can increase return on financial capital as well as the other areas. They aim to develop a model that other large businesses can adopt.