

Why Conscious Capitalism?

by Gene Pickelman, Co-Founder,
President & CEO of Tri-Star Trust
Conscious Capitalism Great Lakes Bay
Region Chapter, Board Chair

Breathe. Pause. Reflect. Reflect on what we are going through. During these past four months, I've had plenty of time to reflect on the current environment. We see fear, anxiety and hopelessness in many people. And if we're honest with ourselves, we too have experienced these emotions. We are enduring a pandemic, an economic meltdown, a devastating flood, racial divisiveness: what's next?

Add to this the fact that capitalism, the free enterprise system, one of the most powerful systems for improving our world is being threatened by socialism. Capitalism has lowered child mortality rate; eradicated poverty and increased literacy worldwide; however, when you look at how people view business, we see a different narrative. Average employee engagement is 25% nationwide; work stress is a major factor in overall health; and 80% of employees say that their boss doesn't care about them. The misuse of capitalism's power has created negative perceptions of business – that it is all about greed, misconduct and exclusion. Never before have we, as business leaders, been so challenged. We need to take a step back. Breathe. Pause. Reflect.

There is a way that we can create a better world for everyone. With all of the challenges we are facing, at the end of

the day it is about our relationships. The power in building strong relationships is that you can conquer anything when people unite and come together for a higher purpose to serve others. Allow me to introduce Conscious Capitalism.

Conscious Capitalism is a powerful movement whose purpose is the elevate humanity through business. Co-founders and co-authors, John Mackey (former CEO of Whole Foods Market) and Raj Sisodia (professor), believe that business and capitalism are inherently good, and that this movement can lead to build a more cooperative and positive future for our businesses.

Conscious Capitalism is based on four powerful tenets: higher purpose, stakeholder integration, conscious leadership, and conscious culture. These tenets, when properly applied, can unite us and liberate the heroic spirit

of business and help us solve the many daunting challenges we face today.

HIGHER PURPOSE

Twenty years ago, I was asked to join a group of people in Saginaw to create and build Tri-Star Trust Bank, a wealth management firm committed to servicing personal, institutional and retirement plan clients. Creating a new banking institution was a daunting task challenged by the large brokerage and trust institutions that have tremendous resources, experience, and exceptional talent. How can a small group of people be successful in this highly competitive environment? The answer was 'purpose before profit.'

This may sound strange but our major purpose for starting Tri-Star was not about making money. While making money is certainly important and necessary, it was not the driving force. The reason we started Tri-Star was to serve our clients in the most comprehensive, objective manner and help them achieve their financial goals. Our higher purpose, however, was to help transform the community. We truly wanted to see our community thrive.

Over the years, we have refined our higher purpose statement, involving all of our stakeholders through interviews, surveys

and small group sessions. We asked questions such as: What is the most important thing in your life? What do you believe Tri-Star's higher purpose is? What behaviors validate the high purpose? After gathering the data, we began to see patterns in the terms consistently used to describe Tri-Star. Tri-Star's higher purpose has evolved into "Building caring, genuine relationships that strengthen families and transform our communities." The power behind creating this statement brings identity to our institution but more importantly, unifies all stakeholders in impacting lives. We exist to create opportunities that can strengthen families and serve our community. This results in our hearts focusing on others and not just ourselves.

STAKEHOLDER ORIENTATION

Stakeholder orientation is necessary to achieve win-win-win outcomes. The rule: We never have trade-offs. For example, decisions that benefit clients but are detrimental to our staff should never go forward. With every decision, we must ask the question – how does it affect each stakeholder? We leverage all stakeholders to bring success to Tri-Star. I want to be as concerned about the profitability of one of our strategic alliances as our own. I view us as a team, and it must be a win-win situation.

Interestingly, the Business Roundtable announced in August of 2019, that the new purpose of a corporation was to benefit all stakeholders – customers, employees, strategic alliances, shareholders and communities. Previously, they stated that corporations existed only to serve shareholders. By working together, we can improve quality and production for all stakeholders. One of the main reasons for Tri-Star's success is the attitude and heart of our directors. They truly buy in to the purpose of our organization in transforming our community. Tri-Star contributes our time, talent, and over 12% of net profits annually to charitable and nonprofit organizations. We believe that the more you give, the more you receive.

CONSCIOUS CULTURE

Developing a conscious culture is one of the biggest challenges as a CEO. We say we care about our people, but do we? Let me share a story about one of my employees (we will call him Joe). Joe is married with two children and was employed by a competitor for 10 years prior to joining Tri-Star. A few months after he started, I sat down with Joe and asked him how his life has changed since working for Tri-Star. The answer I received will remain with me forever.

Joe told me he had been working 50-70 hours a week with his previous employer. He would wake up at 5:30 am, go into work, and wouldn't get home until 6 or 7 o'clock in the evening; sometimes he even worked on Saturdays. In his words, "I felt like I was a slave to my job." He stated that this placed tremendous stress on his relationships with his wife and children. When he got home at night, he had no energy for them. Consequently, this led to depression and strained relationships. He asked for additional help and resources at work, but the boss said that they could not hire any additional staff. In fact, nobody around him could help because they were all in the same position.

So, what is his life like now? He said everything has turned around. He wakes up, helps his kids brush their teeth, gets them breakfast and helps them get ready for their day. These simple acts have improved the relationship with his wife tremendously and, most likely, prevented a divorce. Just think of the impact this change has had on the long-term relationship with his kids? His life is more balanced, and he is more present. He enjoys his job now and looks forward to coming into work and embracing the higher purpose of Tri-Star. He loves working with his co-workers and he brings creativity and innovation to his job. All of this allows Joe to produce more with less time.

So, what is the difference? It's the culture. It's stressing the importance

of a balanced lifestyle. Did his former boss care about him? His family? His future? What was the heart of that supervisor or the institution...what was their purpose? Did they really think about how their culture impacted Joe and his relationships? This story perfectly depicts the importance of a conscious culture, both organizationally and personally; one that includes trust, transparency, integrity, fairness, personal growth, love, and care.

CONSCIOUS LEADERSHIP

Businesses must have conscious leaders. They are the stewards; they keep people, policies, and practices focused on the higher purpose of the organization. They are truly sensitive about the welfare of all stakeholders, pointing out the areas that need to be aligned with the values of the organization. They consistently lead lives that are balanced and motivate staff to make a difference in the lives of those they serve. As John Maxwell says, "Everything rises and falls with leadership."

Throughout the history of Tri-Star, we tried to follow these tenets of Conscious Capitalism but would not have been able to describe them as such. In the 2013 book "Firms of Endearment" written by Raj Sisodia, his research showed that conscious companies that follow these principles outperform the S&P 500 firms by 14:1 and good to great companies by 6:1. Tri-Star has experienced this type of success: Top-quartile performing institution; consistently growing by over 10% annually; compliantly strong; retention of top performers; 98% retention of clients; tremendous leadership and impact on community.

Breathe. Pause. Reflect. Take a moment, discuss it, and think about how the tenets of conscious capitalism, when taken to a higher level, can impact the world you live in. And more importantly, as business leaders, the powerful impact on your organization and the people you have the privilege to lead.