

PHOTOCOPY
PRESERVATION

Corporations will shape our future values

As the millennium winds down its last 100 days, columnists for USA TODAY identify trends — social, political and cultural — spawned in the 20th century that will force us to make tough choices in the 21st. This is the first in an occasional series.

By Jim Collins

"If the impact and relevance to the world of the U.S. federal government is 1.0, then what is the potential impact and relevance of your company?" I recently put this question to the chief executive of a leading Fortune 500 media company.

His answer: "Three times that."

Think about that for a moment: a single corporation with three times more impact, relevance and importance than the U.S. government.

Is he right? Perhaps three times is a bit high. But whether it is 3x or 1x or 0.5x, the order of magnitude highlights a profound evolution that has taken place over the past 150 years — namely, the rise of the corporate state as one of the most powerful forces on Earth. This trend will accelerate into the next century, to the point where well-managed corporate entities will be the primary pistons not only of economic progress, but also social change.

The well-managed corporation is the most significant commercial invention of the 20th century — more significant than electrical lighting, the Model T, jet aircraft, the computer or the Internet. Without well-managed corporations, we could not have had these innovations in the first place, at least on a large scale.

Yet, 100 years ago corporations did only a small fraction of the world's work. Certainly, a few large corporations existed, notably Standard Oil of New Jersey and U.S. Steel, but these were unusual. Family farms, mom-and-pop stores and sole proprietorships dominated the economic landscape.

There was no Fortune magazine or *BusinessWeek*. The Harvard Business School — the consummate symbol of the corporate state — had not even come into existence. In fact, there was not a single MBA-degreed person on the entire planet. Management itself had not even been identified as a central function in society.

By midcentury, this had all changed. "Management" became a distinct and accepted concept, thanks in large part to the insight and writings of Peter Drucker. Many of our brightest young minds began to

see management as a viable and legitimate career path. During the first half of the 20th century, talented executives at such companies as General Electric Co., General Motors Corp. and Procter & Gamble Co. developed management into an understandable, repeatable activity. By the 1990s, 700-plus MBA programs generated more than 80,000 graduates per year in the United States alone.

In the second half of the 20th century, the ability to manage complex organizations became a widely distributed skill. People learned how to apply this skill not only to for-profit corporations, but also to universities, health care systems and just about any other productive activity. In a sense, all organized activities became "corporatized."

Instead of red-brick school buildings, we built large school systems. Universities grew from hundreds of students to tens of thousands.

Managed-care organizations replaced the family doctor, and hundred-person law firms replaced the practicing attorney.

Even the pure "nonprofit" sector became corporatized, as its executives eagerly sought to apply the best corporate practices to their work. The Salvation Army, the Nature Conservancy, the Boys and Girls Clubs of America — these organizations became as systematically managed as any Fortune 500 corporation.

The modern megachurch, which is rapidly gobbling up spiritual market share, is entirely a corporate concept. One regional church I've worked with draws 17,000 worshippers a weekend, has a paid professional staff of almost 600, and uses the words "customers," "value delivery" and "strategic planning" with as much ease as any McKinsey consultant. In fact, its executive pastor is an ex-McKinsey consultant.

The point is that well-managed corporate entities — be they for-profit or not-for-profit — have become the dominant productive vehicle in society. And now we've reached a point where a leading chief executive can conceive of his company having three times the importance and relevance to the world of the U.S. federal government.

This raises profound questions of executive responsibility. At the turn of the past century, corporate entities felt little need to be responsible citizens. By midcentury, a few visionary companies, such as Johnson & Johnson and Merck & Co. Inc., identified social responsibility as an explicit corporate objective — a radical step at the time. By the late 20th century, "stakeholder responsibility" had become an objective at the vast majority of companies and a central tenet taught in MBA programs.

But is social responsibility a high enough standard? With the corporate model becoming the dominant vehicle of human productivity, might corporations need to shift from being socially responsible (adhering to society's values and rules) to socially progressive (consciously shaping societal values)? As examples: A media company could use its programming to advance gender equality; a running shoe company could promote health consciousness; a soft-drink company

could use its brand name to champion global citizenship; a computer company could use its power to influence the way schools teach our children.

A scary thought, to be sure, and one that should give us pause. But let's be realistic. Corporations already do shape societal values to a large degree.

For good or bad, CNN, Nike, Coca-Cola and Microsoft are powerful cultural forces. Furthermore, corporate executives are in a superb position to accelerate social progress through their actions. The shattering of the glass ceiling at Hewlett-Packard Co., where more than one-quarter of its managers are women, including its recently appointed CEO, is just such an example.

Nor is it just huge companies that have the power to influence. Consider Patagonia, a privately held outdoor clothing company that explicitly views itself as an activist for environmental causes. Not only does Patagonia pioneer environment-friendly products, such as organic cotton and jackets made from recycled plastic bottles, but it also funds dozens of environmental organizations with 1% of its annual sales skimmed right off the top as a self-imposed "Earth tax."

As the government continues to

lose moral authority and practical effectiveness, the corporate state will increase its value-shaping role. Some of us may not like that fact, but it is a fact nonetheless.

So those with executive responsibility face two options. On the one hand, they can choose to ignore the potential for a wider role of their companies and forgo the opportunity to rethink the very purpose of their corporations. And many — perhaps most — will choose this first option,

for in every evolution there are those left behind, the perpetual laggards.

For others, there is the second option: to replace the tired debate about "stakeholder responsibility" with invigorating dialogue about what the role of their corporations should be and can become in the next century. They will choose to embrace the opportunity for a more progressive role — to see their corporations explicitly as value-shaping entities of the world they touch, while simultaneously

keeping their economic engines well tuned and powerful.

I believe the very best will evolve toward this second option. And they, in turn, will teach the others, in the way that the best have always taught: by the inspiration of example.

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CULTURE -
Corporations

Movie picks aren't appropriate for students

I was surprised by many of Michael Gurian's movie selections in the article titled "Movies can help teach life's values," appearing in Monday's Life section.

While I have enjoyed most of the movies recommended by Gurian, I cannot agree that *Stand by Me* or many of the other films he lists are appropriate for the age groups he suggests.

In *Stand by Me*, a character pulls a loaded gun on a bully who tormented a group of friends. This hardly seems appropriate for "later elementary school students," as suggested by Gurian, especially when the list appears under a larger headline that says, "Raising sons in the age of Columbine."

Mark and Jill Niemi
Lexington, Ky.

Adult themes not the way

I hope no unsuspecting parents take the advice about movies to show their sons to help them grow into "ethical men."

Could the author really recommend *He Got Game* for middle-school boys?

Yes, the film is a poignant and unforgettable tale of a young man whose father is imprisoned for murdering his mother. But the movie also graphically depicts the father having intercourse with a prostitute and the son in bed with two women who are aiming to recruit the young athlete.

I'd recommend this film for most adults, but those messages are inappropriate for children in middle school.

I even question whether elementary-age children should see *Titanic*. Sure the male lead demonstrates strength of character, as the writer says. But he en-

gages in intercourse with a woman whom he has known for two days. I don't want to teach my son that behavior like that is ethical.

There are many fine movies that teach boys about being men, but to recommend these movies for young children is outrageous. Exposing boys and girls to movies with adult themes is not the way to develop moral character.

Angela M. Young
Missouri City, Texas

A case of mockery

Author Michael Gurian's list of recommended movies appearing under the headline "Raising sons in the age of Columbine" mocks the goal of reducing school violence.

While I agree that some of the films — such as *Hoosiers*, *Schindler's List* and *A Wonderful Life* — teach positive lessons about taking responsibility, there is no room for the other films.

The classic Western *High Noon* is described as an inspiration for boys who must face school bullies?

The Terminator only reinforces the message that killing is ultimately the best solution.

And *Gallipoli* graphically depicts the bloody massacre of men who merely were following orders, and for what lasting purpose? Critics hail *Gallipoli* as an anti-war film. But I am left to wonder whether its inclusion on Gurian's list is intended to teach the benefits rather than the pitfalls of war.

As long as we continue to embody the culture of killing in the name of peace, we can only expect more killing.

George Grider
Memphis, Tenn.

Investigative reports deserving of appreciation

As a federal investigator for the Defense Security Service and one of the subjects of USA TODAY writer Edward T. Pound's investigative reports, I would like to express my sincere appreciation and admiration for his tenacity and objective reporting of the disintegration of this agency's security policies ("Panel: Security check lag worsens at DOD," News, Sept. 15).

Pound's articles finally have forced the Department of Defense to take a look at its activities and take corrective action. Without Pound's intervention, we might still be languishing under its leadership.

Pound's contribution to the security of the United States is immeasurable. He has accomplished more to address the deficiencies in our security program than some employees have in a 30-year career.

I will be forever grateful that Pound took up our cause.

David L. Kerno
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