

**JOHN A. DAVIS**  
**RADICAL**  
**BUSINESS**  
**HOW TO TRANSFORM YOUR**  
**ORGANIZATION IN THE AGE**  
**OF GLOBAL CRISIS**

# RADICAL BUSINESS

“Read John Davis’s new book, *Radical Business*. Why? Because the challenges in today’s world are compelling leaders and their companies to determine how they will contribute. Assuming that ‘business-as-usual’ will work is wrong because data show that people worldwide expect companies to be more positively engaged with society, and that means they must transform. The question is how. John’s new book shows what companies and leaders must do to become a collective ‘force for good’ in a world craving solutions.”

–Sharmila Chetty, CEO, Duke Corporate Education

“This is an important book – a tour de force for good. *Radical Business* is a provocative and inspiring guide to leadership in the 21st century. A time in which the best companies must step up to their responsibility as stewards of social change or risk obsolescence. Yet, at this time of brutal uncertainty, the path to stakeholder value creation is complex and risky. With insights from a career in the front row of leadership, Davis charts a course for those leaders wanting to explore and embrace the challenges facing them. He inspires with examples of leaders who have energized their organizations to live up to their full potential whilst breaking down the formidable task ahead into an achievable framework of ideas, questions, and actions to pursue. This book may be the wake-up call that prompts you to action; it may be part of your organization’s risk exploration process or your guide to translating stakeholder insights into transformative solutions. Being a force for good may seem like radical business now but tomorrow, it will simply be business.”

–Tremaine du Preez, PhD, Decision Scientist and author of  
*Decide – The Science and Art of Choosing Wisely and  
Raising Thinkers*

“John Davis delivers an inspired call to action showing us how business can succeed while also being a force for good. Through his rich use of metaphor and examples from around the world, readers will feel empowered to do the same within their organization. John is a welcomed and needed optimistic voice for the 2020s.”

–Michael Netzley, PhD, CEO, Extend My Runway (Singapore)

“At this point in time, organizations are key activation engines for a viable, livable, desirable future. For this to be realized requires a new kind of leadership that draws on ‘softer’ capabilities – courage, empathy, and dare I say, love. John Davis generously charts a path for this future. One that’s grounded, no nonsense, and full of actionable wisdom. The cost is high stakes: you may have to change your mindset and skill up. You may have to question assumptions. It may be uncomfortable or scary. However, failure to change is far higher stakes that can take us all down. This is our moment. Read this book if you lead or seek to lead.”

–Renee Lertzman, PhD, Climate psychologist and Founder,  
Project InsideOut

“As the world appears to continue to spin out of control, Davis’ new book offers hope. Taking a values-based approach, the book presents a practical framework for leaders to reassess their organization’s contribution to the world, guiding conversations to bring about meaningful, measurable, and substantial change for humanity’s biggest problem – ourselves – whilst mobilizing employee engagement, bottom-line impact, and societal good.”

–Professor Dr Andrew Sharman, Managing Partner, RMS  
Switzerland and Chairman of One Percent Safer

“With today’s social unrest, unknown economic impacts, and health crisis, it is a challenge for organizations to create societal value. To help companies navigate through this ever-changing environment, John Davis wrote an excellent book, providing

Boards and Executive teams with a guide on how to future-proof their business and realize the company's dream. The book contains practical examples and inspiring insights from various thought leaders. It is empowering. A must read for those companies who do not just want to thrive in today's and future world, but want to drive sustainable change and make an impact."

—Anouk De Blicq, Board Advisor, Non-Executive Director Elliot Scott HR, Senior Industry Advisor WhitewaterTX

*"Radical Business* courageously and justly directs companies to be fit for purpose in an age when we are learning that our long-held assumptions and criteria for success are no longer adequate."

—Adam Kingl, Adjunct Faculty, UCL School of Management and Hult International Business School

***Author of Next Generation Leadership: How to Ensure Young Talent Will Thrive with Your Organization***

Climate, Biodiversity, and Inequality are some of the severe, connected, and accelerating global crises threatening our dignity and well-being as human beings on this planet.

We must mobilize all available forces for positive change to build the future we all want. We need the contributions from all key partners in society: policy-makers, opinion leaders, and the private sector!

Business cannot thrive in societies that fail. Innovation and business development for a better world is probably the most important and most rewarding role of modern companies in the coming decades! Solving environmental and social problems with business models makes sense and makes profits when you get it right.

Business has amazing powers to drive innovation and transformative change! That's good news because we

need to change many things to sustain our world. The not so good news is that the business cases of those changes are often unclear, and the complexities of the issues can be overwhelming for business leaders. Both represent barriers for the priorities and actions we need to see in business.

The very good news is that John Davis, with his book *Radical Business*, delivers great help to make business leaders understand, navigate, and succeed in the necessary and rewarding transformation of the role of their companies in society. John provides lots of evidence, examples, insights, and useful tools to help business leaders rethink their approach to business and organizational development and help to embrace the sustainability challenge as you would embrace any other business opportunity.

The meaningfulness and economic reward from solving environmental and social problems with business models is huge, today, and even more tomorrow. Business leaders who want to be part of that mission for the benefit of their employees, customers, shareholders, and the world should read *Radical Business* and transform their companies to become more future fit.

Dr. Claus Stig Pedersen Head of Global Sustainability  
Novozymes A/S

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# RADICAL BUSINESS

How to Transform Your Organization  
in the Age of Global Crisis

BY

**JOHN A. DAVIS**

*BrandNewView LLC, USA*



United Kingdom – North America – Japan  
India – Malaysia – China

Emerald Publishing Limited  
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2022

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**British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library

ISBN: 978-1-80262-808-1 (Print)  
ISBN: 978-1-80262-807-4 (Online)  
ISBN: 978-1-80262-809-8 (Epub)



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INVESTOR IN PEOPLE

*To Barb, Kate, Chris, and Bridget. Your love makes anything possible.*

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# ACKNOWLEDGMENTS

I've had the pleasure to interview hundreds of leaders over the years. Those featured in this book are accomplished, diverse, and inspiring, and I thank each of them for sharing their insights with me. Thank you to: Ravi Kumar, Kate Gordon, Anthony Guerrero, Steve Leonard, Helle Bank Jørgensen, Kevin Czinger, Jonathan Reichental, Rangsiyopash Roongrote, Chip Conley, Mac McKenzie, and Janice Lao. Their examples show that positive change is possible and leads to meaningful impact. Thanks, too, to my Agent, Nick Wallwork of NewsomWallwork, and to Charlotte Maiorana and her team at Emerald Group Publishing.

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# INTRODUCTION

*How can a rational being be ennobled by anything that is not obtained by its own exertions?<sup>1</sup>*

–Mary Wollstonecraft

In 2001, I was teaching an EMBA class at the University of Washington (UW). For the first 15 years of my career, I had avoided the academic world. I came from an academic family. My dad, both brothers, uncles, aunts, grandparents – most had been academics. I had started a couple of small businesses while in college and those were fun, so I wanted to get better. I was offered jobs in my senior year, including one with Salomon Brothers in New York and the other with Black Angus Restaurants. Salomon paid more the double what Black Angus offered. I took the Black Angus job. As one mentor said to me, the difference isn't the money but the skills. Black Angus would teach me how to run a business. Salomon would teach me how to manipulate spreadsheets. For the next 15 years, including getting my MBA, I worked for startups (my own included), Fortune 500 companies, and in turnarounds. It was exhilarating, but I loathed corporate politics. I gave a talk at UW and the next thing I knew the university invited me to teach. I fell in love with it. The opportunity to teach at Singapore Management University arose and I took it. I started writing and publishing multiple books on business, marketing, and sports. It led to some terrific experiences. I became a full professor of practice; served as department chair at other schools; became Dean at SP Jain School of Global Management; then spent the past few years at Duke CE, heading up Asia from Singapore; and then did the same in the United States. Throughout I worked with leaders of Fortune 1000 companies, learning that many shared a common anxiety: how could they leave their company, and the world, in a better place than they found it. The increasing ferocity of climate crisis storms, social injustice, economic inequality, and global pandemics ushered in an era of extreme vulnerability for humankind. What

would it take for businesses everywhere to become a collective force for good, not just makers of goods? That question has nagged at me for years, hence this book.

I am not offering an anodyne set of prescriptions. I am giving you evidence to reinforce that changing how your company does business is possible. Not without cost, of course. But we face a much larger cost if we don't collectively get our act together, do the courageous and right thing, and ensure that our companies start to repair the world, not ravage it further. Businesses have created unrivaled economic prosperity, lifting more people out of extreme poverty, and enlarging middle classes around the world. Important advances and innovations have occurred, often led by the ingenuity of people like you. But as businesses prospered over the past century, invasive extraction of finite resources grew. The precious metals we use in most of our electronics are the by-products of intensive mining practices. Fossil fuels extraction leads to a wide range of petroleum-based by-products, including plastic, which ends up contributing to more than 165 million tons of plastic waste that damages the world's sensitive marine environments.<sup>2</sup> Ocean farming practices help produce our food yet many of those same practices are permanently destroying fish populations. More than a quarter of all-natural medicines have been discovered in the world's tropical forests. Those same forests serve as Earth's lungs, absorbing carbon dioxide and producing oxygen, yet in the past half-century we have destroyed more than one third of all tropical forests and each year over 30,000 square miles of additional deforestation occurs.<sup>3</sup> The impact is clearest with the climate crisis. At the same time, despite the material gains, economic prosperity has been unevenly distributed, worsening wealth disparities and increasing social tensions, and exposing centuries of systemic racism.

This book is a blueprint showing you how to transform your business into a force for social and economic good. The statistics are promising for those companies that invest in innovation, and becoming a force for good will require ingenuity. McKinsey (2020) research shows that when companies invest in innovation during a crisis, they end up outperforming competitors by 10% on market capitalization; and those that invest in innovation post-crisis outperform competitors by 30%.<sup>4</sup> We are in an age where the problems confronting us are unprecedented in scope, scale, and savageness. We need companies from startup to Fortune 100 to innovate, and quickly. Almost any

new initiative, product, or venture is fraught with uncertainty. The efforts your company undertakes to transform into a perpetual force for good will test your ability to tolerate failure, stimulate creativity, and be open-minded to people who challenge your every move. I am optimistic. When our backs are against the wall, people have found countless ways to prevail. Yes, businesses fail all the time. But not all fail at the same rate, or the same time, or in the same way. Yet we know that doing nothing will accelerate our path to failure of our global economic, social, and environmental ecosystems. Mixed in with failures are victories and when those are aggregated positive momentum can result. Now is the time for businesses and their leaders everywhere to step up to become a force for social and economic good.

Profits arise from a simple equation: it's the money left over after you have paid all expenses. Over the past few decades, increased profitability has defined business success. Publicly traded companies are rewarded by markets when share prices rise, increasing the value of shares owned. But the focus on profitability limits the potential impact of a company's success to just a narrow group of shareholders, missing a much greater opportunity for the company to positively impact nonshareholder communities. My premise is simple: business leaders today have a wide open door to change their companies for the better by making a deliberate shift away from the profit motive and toward the *societal value motive*, where businesses are a force for good that contributes positively to society, not just makers of goods, strengthening the circular economy (a regenerative economic system that reduces waste and resource demands and keeps the life cycles of products and materials in use for longer). Achieving a circular economy requires companies to update their definition of success.

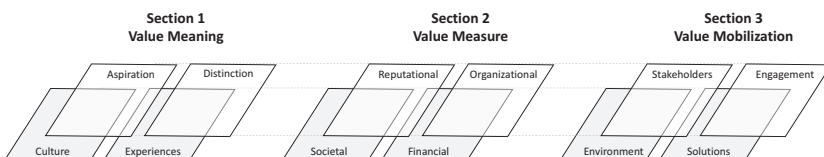
To reimagine your business's contribution to the world, you must wipe away any pretensions you might have that clever advertising or false claims are the path to redemption. This is not a twentieth century positioning exercise or, even worse, a greenwashing campaign such as Volkswagen engaged in when, in 2015, it was discovered that the automaker had been "using illegal software to conceal poisonous emissions," affecting 11 million diesel vehicles. The damage to VW's reputation was significant, as were the penalties: \$39 billion in criminal and civil fines; 6 VW executives were charged; their CEO, Martin Winterkorn, was forced to resign in disgrace and had to pay VW over \$14 million; and one was sentenced to 7 years in prison. And more penalties are expected against the automaker. Why the

harsh judgments? An MIT study showed that the excess emissions could lead to 60 deaths in the United States and that 1,200 people in Europe would die prematurely.<sup>5</sup> You can't help but wonder what possible rationale convinced guilty executives that this was a sensible or responsible idea.

While there are no guarantees, there are approaches you can take to improve your chances for creating positive and meaningful impact as you transform your company. You can't change the world alone. Companies need partners for transforming into a force-for-good to work. Those partners include the world's financial markets and regulatory bodies. As you'll see in this book, there are promising signals from BlackRock, TPG, and Norrsken in linking funding to sustainability scorecards. Regulatory bodies like the European Union and the US Securities and Exchange Commission are drafting new green disclosure requirements for companies. Business leaders like Salesforce's Marc Benioff are vocal proponents of companies doing good, and you'll meet several more leaders in this book pushing for change. Tradition-bound thinkers will be formidable opponents. Yet just as some of the most celebrated business leaders have often gone against the grain to put their dent in the universe, today's company leaders must resist conventional business wisdom that focuses on maximizing profits and, instead, think of optimizing social contribution as a new path to financial health.

There is ample evidence that by reimagining a company's contribution to society, financial value will improve. From my research on and work in over 40 countries, I have distilled the principles top performing companies (including startups) demonstrate to create enduring value into 3 main themes and 12 underlying focus areas.

- Section 1 – Value Meaning
- Section 2 – Value Measure
- Section 3 – Value Mobilization



*Section 1 – Value Meaning* focuses on what your company needs to do to cultivate *meaning* in its work and workplace.

- Chapter 1: Aspiration – *why are we here?*
- Chapter 2: Distinction – *what makes us truly unique?*
- Chapter 3: Culture – *who is involved?*
- Chapter 4: Experiences – *how do we “show up”?*

*Section 2 – Value Measure* focuses on the four dimensions of value that underscore success for top performing organizations.

- Chapter 5: Reputation – *what are we known for?*
- Chapter 6: Organization – *do employees feel like their work matters?*
- Chapter 7: Societal – *are we contributing impactfully to the communities we serve?*
- Chapter 8: Financial – *what factors improve financial value?*

*Section 3 – Value Mobilization* describes the four specific factors required to help get things done.

- Chapter 9: Stakeholders – *what do we really know about them?*
- Chapter 10: Engagement – *how must we captivate those outside our company?*
- Chapter 11: Environment – *how do we ensure our company environments are safe for employees and stakeholders?*
- Chapter 12: Solutions – *how can we create solutions to achieve our aspiration?*

Each of the sections and underlying focus areas are interrelated, and you'll see how your efforts in one impact what you do in another. You're undoubtedly eager so let's get started on radically transforming your business.

## NOTES

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## Section 1

VALUE MEANING

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