



Making Capitalism Work for Everyone

By Dr. Ray Benedetto, Stephen Fallek, and Nicole Martin

Background. Capitalism is America's economic engine because it is the greatest system for innovation and economic growth. The entrepreneurial spirit from private ownership of businesses, which underpins Capitalism, motivates the self-interest of owners in accumulating wealth by continually innovating to achieve competitive advantages. Capitalism has propelled the United States as the world's innovation leader, inspiring leaders in other countries to follow our example. Capitalism has lifted people and societies out of poverty.

Capitalism Today. The Capitalistic engine is showing signs of strain, and societal issues of education, healthcare, and income equality are not being adequately addressed. Increased crime with associated anger and frustration shows too many people are being left behind in sharing prosperity. Many perceive Capitalism as a "dirty engine technology" that produces toxins such as greed and cronyism. They don't trust it to address societal issues and look to the government for solutions. It's not that these individuals are necessarily socialistic. They likely would be attracted by a kinder form of capitalism that better meets their needs.

Others are concerned that governments are too political, bureaucratic, and regulatory driven to create the innovations societal issues require. They also fear these government solutions would raise taxes and the cost of doing business.

The Great Debate. In the past few years, business groups such as the Business Roundtable have advocated that the purpose of business is to serve all stakeholders: employees, customers, suppliers, shareholders, communities, our country, and our planet. Leaders within the private sector have been encouraged to address the needs of all stakeholders and be involved in resolving societal issues, yet many in the business community are skeptical because they believe serving other stakeholders will divert too much of Capitalism's power away from accumulating wealth for owners.

These philosophical differences and mental orientations are dividing the nation, stymieing progress, and deadlocking elected officials from taking action. The results of higher wages, employee shortages, supply chain disruptions, and remote working are headwinds that Capitalism must overcome to sustain business operations, growth, and profitability. Solutions to these challenges require stronger relationships with all stakeholders, which can only occur through effective leadership throughout an organization – not just from the top. Yet, Gallup data that is the gauge for employee engagement has shown the needle has been stuck in the 30% range for more than a

decade. The current version of Capitalism is not generating sufficient power. It is failing to meet the needs of business and society. What went wrong and how do we fix it?

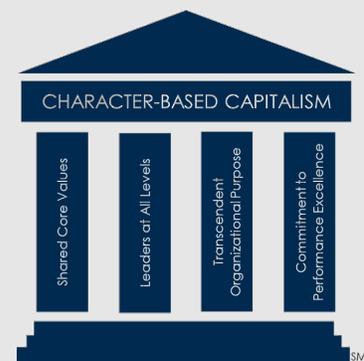
Making Capitalism Work for Everyone. When Capitalism was introduced, it did not come with an instruction manual. Those who created this economic engine left parts in the box because they did not understand what they were for or what to do with them. They may have thought the engine would be more powerful without them. These parts are the values that drive the behaviors and practices for creating relationships with and serving all stakeholders. They build the webs of trust to nurture the enlightened self-interest Capitalism intends. The label on this bag of parts says “CHARACTER”^{*}.



When character is combined with the entrepreneurial spirit of Capitalism, a powerful culture is created that supercharges business performance. This culture is called Character-based Capitalism. It puts into action values such as trust and caring which foster the collaboration and teamwork that generate innovation, productivity, agility, and resilience. Employees with a capitalist mindset are motivated and empowered to think and act like owners.

A Character-based Capitalism culture is built on four pillars:

- **Shared core values** – most significantly trust and caring for robust exchange of ideas
- **Leaders at all levels** – empowers employees and teaches them how the business works so they create innovative solutions
- **Transcendent organizational purpose** – inspires a compelling vision and mission that make work meaningful
- **Commitment to performance excellence** – continuously improves capabilities in leadership, knowledge, and execution that accelerate growth and profitability



Character-based Capitalism makes more money by doing what is right for all stakeholders. Greater shareholder returns are a result because earnings increase when employees are engaged, customers are loyal, suppliers collaborate, and communities provide needed services and infrastructure. Character-based Capitalism generates win-win solutions for all participants, not for one or two groups of stakeholders.

Character-based Capitalism is a culture where diversity, equity, and inclusion (DEI) thrive because of mutual respect that permeates the organization. Business leaders in Character-based Capitalism cultures advocate for DEI because innovation requires different perspectives and contributions from many in resolving business and societal issues. These leaders ensure internal practices encourage, nurture, and appreciate multiple points of view to develop and sustain a pipeline of exceptional talent. Character-based Capitalism attracts and retains employees and customers, ensures employees are innovative and productive, strengthens supplier relationships, and keeps employees aligned and connected to the work that needs to be done.

^{*}Character means values in action, such as the Character Counts values of Trustworthiness, Respect, Responsibility, Fairness, Caring, and Citizenship.

Character is Key. Character is a well understood attribute through which a person or an organization is known and acknowledged. As humans, we want to trust those with whom we work. We want to work with people of good character. Character-based Capitalism cultures have universal appeal for an organization as well as for our country because these cultures are grounded on values through which all stakeholders win. Character-based Capitalism is Capitalism powered by a green engine; it will outperform corrupted capitalism to the benefit of all stakeholders and will help unify America.

Be a Character-based Capitalist who helps build great companies that make the world a better place. Spread the word.



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