



**Corporate Renewal and
the Ethic of Continuous Value Creation
Dean Robb, Ph.D.**

The spiritual core of corporate renewal is an ethic of “continuous value creation.”¹ It is an ethic of continuously seeking creative new ways to *add value* to the world – i.e., to make a *genuine contribution*. The mindset is profoundly visionary, creative, and contributory. It grounds the enterprise in a relationship of profound *service to the world*, and of deep interconnection with customers and the community at large. It can extend so far as to consider customers and community to be part of the “extended enterprise.” It’s an ethic of deep purpose.

Implementing this ethic means integrating an ancient paradox: it is through giving first, that we receive. It means trusting that through continuously seeking new ways to add genuine, meaningful value to our customers, employees and community, *stockholders will be more than taken care of*. Let’s be clear, though: trust must be buttressed by deep competencies in discipline and creativity. This is not about living in fantasy-land.

It’s not about “business as charity”, either. Quite the opposite: the focus is on building companies capable of *making lots of money and growing over the long haul!* “Making the numbers” (hitting short-term financial goals) is part of the discipline of renewable corporate entrepreneurship. As it happens, if sustainable growth is the goal, the ethic of continuous value creation is actually intensely practical. How?

Answering that question requires looking more deeply into the issue of purpose. To a company, money is like oxygen is for a human being: it’s absolutely necessary to stay alive and grow. But here’s a critical question: is breathing the sole *purpose* of life? The answer is the same, both for individual human beings and for enterprises.

Let’s face it: leaders face a huge and very real challenge in sustaining the entrepreneurial flame. Under the relentless pressures of keeping Wall Street happy, meeting payroll, and “making the numbers”, senior leadership gradually can become excessively – or exclusively – focused on short-term income. Focus on contribution and long-term growth can dwindle away to nothing.

¹ The term “spiritual” refers to the taproot of identity of the enterprise; i.e., those core values, beliefs and attitudes that shape its sense of itself and its relationship to customers, employees, suppliers and the world at large.

However, at that point the original passionate and deeply-felt desire to make a real contribution of the founders begins to fade into the background. And if it's not continually renewed, sometimes that vital energy can disappear altogether. When that happens, a profound (but subtle) change occurs in the primary purpose of the enterprise. The core ethic shifts from value creation to "value extraction." The *stated* purpose – what's in the mission statement on the wall – might remain some version of "add value for customers", but the *real* purpose becomes making as much money as possible for stockholders and senior executives on quarterly basis. The core ethic shifts from creating and contributing to getting and taking. The enterprise becomes "self-centered."

When the core ethic shifts to value extraction, two things happen, both of which are devastating, but (unfortunately) barely noticeable.

First: strategy subtly shifts from contribution to exploitation. The enterprise subconsciously becomes focused on manipulation and control of customers and on using (almost) any means necessary in order to make another buck. Don't think customers don't notice this shift. Through repeated negative experiences with a value extraction company, customers "get" that the company cares a whole lot more about extracting money from their wallet than it does about meeting their needs.

That's when customers start looking elsewhere to get their needs met and competitors start making inroads on market share. It may not happen overnight; nonetheless, the seeds are planted and are slowly growing.

Second: when enterprise purpose shifts to pure value extraction, employees notice it, too: they "get" that to the company, they're nothing more than an expendable resource, used for the purpose of pumping up the stock price and the size of year-end executive bonuses. When that happens, employees *check out*: they become disengaged, apathetic and sometimes subversive. Enterprise vitality dwindles; performance, productivity and creativity take a nose-dive.

The entrepreneurial spirit withers and the enterprise becomes just another stagnant, soulless, bureaucratic entity. It's the beginning of the end of the spirit and ethic of entrepreneurship. According to a recent national survey by Harris Interactive Inc., over half of American workers say that their managers treat them unfairly. Only 29 percent believe that management cares about advancing employee skills, while one-third of all workers feel they have reached a dead end at their jobs. 21 percent are eager to change their jobs! I believe that these shocking statistics are a reflection of a value extraction ethic that has begun to permeate our economy. It's also a poor foundation for building vital, creative, productive enterprises.

Some senior executives – who may have become caught up in the ethic of value extraction – resist this notion, but it has been demonstrated time and again that for the great majority of human beings, *sustainable* or *renewable* passion to engage and create are rooted in the need to make an authentic, meaningful contribution to something greater than the self.

Sustainable economic growth cannot happen through pure value extraction, because its core ethic focuses primarily on concentration of existing economic value into fewer hands. That's not growth.

Real economic growth cannot happen through further pursuit of cost efficiencies, either. Without a counterbalancing growth strategy, a pure cost efficiency strategy can only run a business straight into the ground. The core problem is that a cost efficiency strategy creates nothing: it merely postpones the challenge of top-line growth by squeezing a little bit more out of existing economic value.

The only thing that can create real, sustainable growth is returning to a core ethic of continuous value creation. Continuous value creation must become the primal fuel that drives the economic engine of renewable corporate entrepreneurship.

About Dean Robb, Ph.D.

Dr. Dean Robb is Founder and Executive Director of the Center for Corporate Renewal (www.ctrforcorporaterenewal.com). Since 1994, he has helped numerous domestic and foreign business leaders build high-performing, innovative, entrepreneurial enterprises. His expertise combines 26 years of practical, real-world experience in corporate America with in-depth research in human and organizational systems.

The Center for Corporate Renewal helps senior executives build the capability to:

- Strategic Focus: Make sense of a changing environment and gain focus on the next right strategic move
- Disciplined Execution: Align and mobilize the entire organization behind this new strategic focus
- Creative Renewal: Renew the entrepreneurial spirit by repeating these two actions over and over again.

For information on how Dr. Dean Robb can work with your organization to instill a spirit and ethic of renewable corporate entrepreneurship, email him at djobb@ctrforcorporaterenewal.com or call him at 908-757-4721,

Permission to reproduce this article is hereby granted, given that the contact information is kept intact with the article.