

September 25 - October 1, 2009

Capitalism must change, says Coca-Cola's Isdell

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Neville Isdell wants to do nothing less than re-create capitalism.

If capitalism fails to remold itself, says the former chairman and CEO of **The Coca-Cola Co.**, the global recession, increased government intervention, social issues and changing social mores will fundamentally alter the free market.

"The system that continues to deliver so much to the world is under threat," said Isdell in a Sept. 22 interview with Atlanta Business Chronicle.

The social issues that will define the 21st century — climate change, energy, water — will define 21st century business, Isdell contends. Businesses must pursue profit for investors, but will have to be more socially conscious than ever before.

For it to survive, capitalism, which has lifted hundreds of millions from the depths of poverty and given rise to the world's greatest economic powers, must evolve, Isdell said.

And he's recruiting top executives from some of the Southeast's most respected companies and interest groups to help him do it.

At a summit held Sept. 22 and 23 at the Federal Reserve Bank of Atlanta, Isdell and Georgia State University's J. Mack Robinson College of Business gathered top officers and board members from 20 Southeastern companies and non-governmental organizations to join the cause.

Officials from the Robinson College, USAID, CARE and other civic groups joined officers from Coke, United Parcel Service Inc., SunTrust Banks Inc., Georgia Power Co., and many others, representing hundreds of billions of dollars in annual revenue and more than a half-million employees to discuss how to change capitalism for the betterment of business and society.

Calls for capitalism to grow a social conscience have come for years. Microsoft Corp. founder Bill Gates, for instance, has called for "Creative Capitalism."

The future of capitalism in the wake of government bailouts and corporate failures has been a topic of conversation from media to corporate boardrooms.

"The face of capitalism is changing and we're trying to influence the change in a way that's positive," said Fenwick Huss, dean of the Robinson College of Business, which served as facilitator of the summit.

Isdell calls his vision "Connected Capitalism," the bridge between good business and corporate social responsibility.

Companies must change the way they connect with society or society will reshape business, Isdell said.

"In business, you must lead change or else change leads you," Isdell said.

Isdell, the son of social activists and a trained social worker who railed in newspaper columns against apartheid during college in South Africa, said the human element of capitalism must change.

In the wake of the economic collapse, governments have become more protectionist, which Isdell said will slow recovery.

Banks have been shaken, bailed out or failed, and two U.S. automakers are now largely government-owned.

Public perception of corporations has been shaken to its core, Isdell said. In a wired (and wireless) world, public perception spreads quickly, he said.

Companies must connect the bottom line of their businesses with their social conscience. Their philanthropic aims must match their core business and the values of their employees.

Companies must be connected across four channels: the communities they serve, governments and non-governmental agen-



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Neville Isdell: He calls his vision 'Connected Capitalism,' the bridge between good business and corporate social responsibility.

cies of social change, philanthropies and values of employees, he said.

Global companies must become local partners or risk alienation.

Global challenges are too big and complex for governments, activists or businesses to tackle on their own. The interaction on social issues between government and non-governmental bodies with business, can no longer be adversarial, Isdell said.

Businesses have the resources, both in terms of manpower, capital and intellectual capital, to be change agents. And customers expect companies to be part of the solution.

With business on board, social causes gain scope and speed, Isdell said.



Jeff Bowman, CEO of Crawford & Co., left, and Lee Thomas, CEO of Rayonier Inc., above: They are two of the CEOs who attended a Sept. 22 summit at the Atlanta Fed led by Isdell.

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For instance, with Coke, water is the company's No. 1 social priority, and it is the world's largest beverage maker's most used commodity.

As Coke has evolved, it has moved to reduce its footprint in terms of water, Isdell said, while working with governments and non-governmental organizations such as USAID to provide clean water to communities across the globe.

It's a business philosophy that resonates with Lee Thomas, CEO of Rayonier Inc. and a former CEO of Georgia Pacific.

Businesses must rebuild trust to survive. The leadership must come from the C-suite, Thomas said.

"The tone has to come from the top," he said.

Companies must also align their values with the values of employees to create a workforce motivated to serve both the interest of the corporation and to improve so-

ciety, said Jeff Bowman, CEO of Atlanta-based Crawford & Co.

Prospective employees also want employers seen as making a difference in the world, Bowman added.

The change within business cannot be superficial, Isdell said; it must be tied to shareholder ambitions, otherwise, "there is no longevity."

The image of chief executives has taken a hit, but Bowman said top executives have a knowledge base rare in the public sector.

"CEOs are on the front lines of what is happening in the world today," he said.

Thomas, the Rayonier CEO, said companies must play a role to help solve issues of climate change, energy and water.

But businesses by their nature must provide a return on investment to shareholders.

The private sector also plays another role in retraining the workforce for a new economy



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Isdell: 'In business, you must lead change or else change leads you.'

that will include innovation for solutions to society's challenges, Thomas said.

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