



PERSPECTIVES



by **Rinaldo S. Brutoco**

Rinaldo S. Brutoco is the Founding President and CEO of the Santa Barbara-based World Business Academy and co-founder of JUST Capital. He's a serial entrepreneur, executive, author, radio host, and futurist who's published on the role of business in relation to pressing moral, environmental, and social concerns for over 35 years.

What is JUST Capital?

And... Why Should You Care???

Deepak Chopra has the precocious habit of asking the most prescient questions. On one occasion 12 years ago he asked what it would take to cause “Wall Street,” and/or large businesses generally, to cease being forces of social destruction and instead become positive forces for societal change? We had a conversation about how we could help companies measure their success by different metrics that were life affirming, socially supportive, and tied to the moral sentiments of the population. Deepak immediately responded “Well, those would be JUST companies.” We shared the idea with Paul Scialla, a few others and ultimately with Paul Tudor Jones, the multi-billionaire businessman whose incredibly talented wife, Sonia, served with us on the Chopra Foundation Board.

Paul Tudor Jones is a “larger than life” type of fellow. He has been extraordinarily successful in business and on a personal financial level. More importantly, however, Paul for the last 28 years has been the funding source and founding energy behind the Robin Hood Foundation. For each of these years, Paul has through personal commitments and his extensive network, successfully raised \$100,000,000 to fund Robin Hood so it can place these significant resources where they are needed most in New York’s five boroughs: educational support in disadvantaged communities, food banks, and a wide host of “on the ground” services for the needy of New York. Despite this already substantial nonprofit commitment to society, therefore, it is truly remarkable that Paul made his time and resources available to co-lead the founding of a new nonprofit designed to lubricate the shift in behavior that Deepak was precisely asking about. JUST Capital was thus informally launched. Then a corporation was formed, a tax exemption was obtained, and JUST Capital began its work, dedicated to learning about, and then ranking, the 1000 largest public corporations in the USA.

Since its earliest days, JUST Capital has been a data mining and data accumulation research institution with

an annual budget of approximately \$10,000,000. It publishes its proprietary rankings every year on its website and publishes the top 100 public US based companies in an annual edition of Forbes magazine usually released in November.

What are they researching and what do the rankings evaluate? They are rankings of the best companies in America who operate with a commitment to the public well-being that matches the public’s sense of “just” behavior. Who decides what constitutes “just” behavior? The American public does. How does JUST know what the American public thinks? So far over 150,000 average folks, from every region of the country, from all walks of life, have responded to the surveys where JUST elicits what the American public thinks is “just” behavior. Every year 8-10,000 additional interviews are conducted to keep the data up to date (what the public is now requiring of JUST companies is getting better every year), and to keep re-checking what JUST thinks it is hearing from the public. In fact, in the nine years the rankings have been published, the American public has evolved to demand that business be more socially supportive of society.

As you might guess, the public’s top issues are “pay equity” (every employee should be paid what another employee is paid for the same task regardless of age, gender, ethnicity, or religion), and being paid a “livable wage” or the ability to work a 40 hour/week job and earn above the Federal poverty level. The data JUST compiles and publishes works off a principal my mother taught me: “You catch more flies with a spoon full of honey than you do with a barrel full of vinegar.”

JUST Capital focuses on the success stories in business which are based on principles most individuals would be proud to embrace. In business we call this showcasing “best practices.” The research conclusively demonstrates that companies that “just” companies have the highest profits, the most stable sales, and the most

loyal employees and customers. Publicizing the data also permits the “laggards” to see how their adverse rankings are hurting their basic business.

It is no secret that Walmart, Target and Amazon have all altered their entry level wages and begun to move their employees above the poverty line. They aren’t there yet, but already they are seeing tremendous benefits in increased customer loyalty, reduced turnover, and higher profits—all from doing what the public perceives as “the right thing.” Look at the recent unsuccessful attempt to unionize Amazon in Alabama, which lost by an almost three-to-one vote of the employees. Amazon won precisely because Amazon had already been raising their wages, were paying far above other employers in the area, and had begun to reform some of their most retrograde management practices.

Personally, I like unions and believe they should be more active participants in our overall business landscape. That said, Amazon learned two years ago what it had to do to get on the right side of pay equity issues and started moving in that direction. And, if Amazon starts to fall behind, they will no doubt face another unionization drive—as they should.

The JUST rankings contribute to this evolution at the top echelons of American business. Just this year General Motors reported in the Annual Proxy Statement that the CEO’s (Mary Barra in this case) bonus was in part determined by the JUST Capital rankings GM received. The information now publicly exists as to who is doing well by their stakeholders, so those stakeholders can demand a higher level of attention. No longer limited to just watching massive corporate resources being paid to executives, or shareholder dividends, or common stock “buybacks,” JUST is the referee that impartially and transparently reports to us, so we can decide who to support with our shopping dollars. That information is causing a revolution in corporate America. For the first time since the 1970’s the belief that a corporation’s only duty was to its shareholders has been shattered. It has been replaced by “Stakeholder Capitalism” that protects and advances the interests of all the stakeholders.

JUST Capital is acting as the public guardian of our highest aspirations for corporate behavior. As the old business saying goes, “you can’t manage what you don’t measure.” Better yet, if you care enough, look up the annual rankings and spend your consumer dollars with those companies that best reflect your values. That is what will provide continuous improvement in corporate behavior. Yes, you should care because JUST Capital is your referee to illuminate our best corporate citizens who can set an example for all the rest.