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## FreedomFest, 'Conscious Capitalism,' And Why Whole Foods Is A Japanese Company

By Stephen Harner

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Writing this post from FreedomFest in Las Vegas. Forbes readers should know about this event which calls itself “the world’s largest gathering of free minds.”

FreedomFest is an annual assembly of over 2000 mostly libertarian-leaning people for three days of political and free market economics debate, investment advice, and camaraderie organized by “Renaissance Man” Dr. Mark Skousen and his wife, Joanne.

Among FreedomFest’s biggest supporters, regular attendees, keynote speakers and panelists are Forbes chairman Steve Forbes and Whole Foods Market (Nasdaq: WFM) co-CEO John Mackey.

Other attendees, some of whom are regulars and some of whom are presenting and promoting their latest books, are Charles Murray, John Stossel, John Allison (president of the Cato Institute), Grover Norquist, Michael Steele, Michael Medved, George Gilder, P.J. O’Rourke, John Fund and Steve Moore.

Steve Forbes and John Mackey also have new books out. Steve’s, with Elizabeth Ames, is entitled *Money: How the Destruction of the Dollar Threatens the Global Economy – and What We Can Do About It*. His message is that we need to go back to the gold standard before the Fed destroys the country (if not the whole world). No argument from me.

The theme of this year’s FreedomFest is “Is Big Brother Here?” Plenty of discussion, including on a full Stossel program taped last night, of IRS targeting of conservative, Tea Party groups and other acts of government invasion privacy and offenses against civil liberties.

A sub-theme is the debate over “inequality” and remedies promoted by big-government income redistribution advocates like President Obama and French academic Thomas Piketty, as opposed to advocates of capitalist, free market solutions. A panel on this topic yesterday featured George Gilder, Gene Epstein, economics editor at Barron’s, and Yaron Brook, president, Ayn Rand Institute. Needless to say, the free marketeers have the right approach.

It may not have been planned, or fully anticipated, but another theme of this year’s FreedomFest that emerged yesterday is “Conscious Capitalism.” Its champion is John Mackey.

As a “grocer” who founded Whole Foods in Texas in 1978, John Mackey might seem an unlikely evangelist for a quasi-ideological management philosophy called Conscious Capitalism. Anyone listening to one of his proselytizing presentations, as I did yesterday, would, however, know that he is the ideal teacher of this philosophy, most importantly because he—and his company, Whole Foods—live it.

Mackey is spending a lot of time now traveling around the country speaking and promoting a book entitled *Conscious Capitalism: Liberating the Heroic Spirit of Business* written with a professor and cofounder of a firm called Conscious Capitalism, Inc., Raj Sisodia.

Mackey attests that Conscious Capitalism is both a personal philosophy, a management philosophy, a mode of corporate governance, a human resources philosophy, a marketing and customer service approach, and a shareholder value/profit maximization strategy. It is Whole Foods Market’s guiding philosophy and a key reason for this firm’s spectacular success.

Rather than to try to elaborate much more about Conscious Capitalism, I refer readers to a well-done website, [www.consciouscapitalism.org](http://www.consciouscapitalism.org). The website introduces the Four Principles of Conscious Capitalism. These are Higher Purpose, Stakeholder Orientation, Conscious Leadership, and Conscious Culture.

I am particularly impressed by the first principle: Higher Purpose. Mackey asked the audience the rhetorical question: what is the purpose of business? and suggested that most listeners would be thinking: to make money. Conscious Capitalism demands a different answer, one that translates into the betterment of people’s lives. It is such a Higher Purpose that should motivate and inspire a company and its employees, and act like a foundation of the company’s culture and operating strategies.

Stakeholder Orientation defines stakeholders broadly, and requires, as Mackey says, not just “win-win,” but “win-win-win-win-win...” approaches.

Listening to Mackey describe Conscious Capitalism, I turned to Gene Epstein who was seated next to me and takes a keen interest in Japan and China to say: “this is a Japanese philosophy.”

I have no reason to think that John Mackey sought inspiration for Conscious Capitalism from Japan. Still, it is remarkable how closely the tenets and approach of Conscious Capitalism adhere to the philosophies of the most successful companies in Japan. My guess is that one could with little difficulty juxtapose the writings on corporate governance and management of such leaders as Matsushita Konosuke, the founder of Panasonic Corporation, and those of Mackey and find broad agreement, if not identity.

Is Whole Foods Market a Japanese company? Obviously not, but its management philosophy may certainly be called a Japanese corporate philosophy. It follows, then, then many of its specific policies and approaches are similar to those that are common in Japan.

Mackey spoke of how Whole Foods has little or no personnel turnover, especially in its executive ranks. Its employees (called “associates”) have foregone opportunities to unionize. Customer satisfaction is at the top of their industry. And they fulfill the “Higher Purpose” of bringing healthy foods and eating habits to American families. A “Japanese” company, indeed.

FreedomFest has its fanciful and idealistic elements. (Libertarianism may be the last refuge of disillusioned idealists.) But it also tries to purposefully advance real world, practical solutions to the world's ills, many of which have a government origin.

Conscious Capitalism is in some respects a response to seemingly increasingly negative stereotyping and ostensibly authoritative (e.g., the Piketty book) attacks on capitalism and the free market system. As many FreedomFest commentators complained: capitalism has a branding problem.

But maybe not just a branding problem. Perhaps also the problem of being too narrowly defined and applied by MBA school professors and graduates. Against this situation, Conscious Capitalism is a brilliant and compelling defense and way forward.

It is day three of FreedomFest. This evening Dinesh D'Souza will present his new film "America: Imagine a World Without Her." Two years ago he presented his exposé of Obama, to little effect. If nothing else the D'Souza and his film will become the topic of lively conversation and debate tonight, which is the why FreedomFest is so much fun.