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John Mackey of Whole Foods does Washington

By Barry Wood February 12, 2013

WASHINGTON (MarketWatch) — At the Whole Foods market in Friendship Heights, just across the D.C. line in Chevy Chase, Md., the bright yellow copies of “Conscious Capitalism” were stacked in an artistic pyramid just like the navel oranges a few steps away.

Author and Whole Foods WFM +0.67% co-founder John Mackey arrived before noon and spent more than two hours signing books and talking amiably with enthusiastic employees who are invariably referred to as team members.

A buzz of excitement greeted the trim, smiling 59-year-old entrepreneur as he entered the store. Several team members, immigrants from Ethiopia and elsewhere, gathered round, wanting their picture taken with the widely admired CEO. Employees also comprised a substantial portion of book buyers, receiving the 20% discount that applies to all of their in-store purchases.

Mackey was in Washington for a round of media appearances promoting the book that he co-wrote with Raj Sisodia, a marketing professor at Bentley University in Massachusetts. It is, say the authors, a clarion call to “revolutionize capitalism for the good of both business and society as a whole.”

Later at the libertarian Cato Institute downtown, Mackey was interviewed for nearly an hour by Tucker Carlson. Calling himself a radical capitalist, Mackey said business requires a new ethical foundation because collusion and corruption have undermined public support for the system that lifted people up and created prosperity.

The whole of American business, he said, has been stained by the misdeeds of rogue operators like financier Bernie Madoff and Houston-based Enron.

“Ownership has been divorced from control,” Mackey said. Business people, he continued, must speak up and defend the entrepreneurial spirit that he regards as under threat from an intrusive government. Mutual funds and institutional investors, he said, should be much more involved in the companies whose shares they own.

Surveying the political scene in the wake of the 2012 election, the conservative Mackey was critical of Republican Mitt Romney, saying he was branded as a plutocrat and couldn’t escape that characterization. Asked which politicians he admires, he initially demurred but then mentioned Marco Rubio, the conservative Florida Republican. He said that during last year’s campaign he had placed a Ron Paul for President placard in his front yard.

Resisting the temptation to expand on his frequent criticism of President Barack Obama, Mackey told the audience that it’s the trend that is important and that with the exception of the eight Reagan years in the 1980s, recent presidents from both parties have presided over a steady expansion of government that erodes personal freedom. George Bush, 43, he said, “was, before Obama, the biggest spender, and boosted the size of government.”

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There's too much cheering over stocks

The stock market's cheerleaders may be running onto the field, but the sidelines are safer and only slightly less attractive these days. Spencer Jakab joins Markets Hub. Photo: Getty Images.

Professing his belief in a flat tax, Mackey dismissed the charge that it is regressive. Higher taxes, he said, are clearly a disincentive to entrepreneurship and he pointed to golfer Phil Mickelson giving consideration to leaving California because of high income taxes.

As the discussion rolled on, Mackey became animated as he extolled the business culture at Whole Foods.

“CEOs in America,” he said emphatically, “are paid too much.” He continued, “extremes in pay undermine community.” At Whole Foods no one gets more than 19 times the average pay of all employees (at S&P 500 companies that gap is often as high as 300 times) Whole Foods salary data is available to all. Transparency, said Mackey, is critical to building the egalitarian culture to which he is committed.

Mackey opposes unions, saying they compete for the hearts and minds of employees, something he wishes to be reserved solely to the company. The Whole Foods mantra is manage “with love,” not fear, and treat employees with respect. “We hire the best, train them,” empower them, and then hold them accountable. Whole Foods provides employees with popular high-deductible health care that Mackey sees as threatened by the Affordable Care Act, which he vigorously opposes.

The company’s decentralized and empowered management structure, said Mackey, changes everything for the better. Store employees are organized into teams — with team members voting on who should join or depart — and team members share the bonuses that come from higher productivity and increased sales. Similar incentives are attached to wellness programs aimed at fitness and weight loss.

Asked about farm subsidies, Mackey denounced them. “Corporate farmers,” he said, “are the principal beneficiaries.” By growing too much and then shipping crop surpluses abroad, said Mackey, America “exports poverty” and punishes the poorest in emerging-market countries.

Reminded by his interlocutor that perhaps a majority of health-conscious Whole Foods customers are well-off political liberals, the college drop-out, ex-hippie, and committed hiker responded that in D.C., where Whole Foods has several stores, it’s not a problem that 94% of the voters cast their ballots for Obama. He did concede that his conservative politics might be a concern to some team members.

Back at the Friendship Heights Whole Foods store, politics wasn’t an issue. A young African-American cashier said she could care less about Mackey’s. “This,” she said, “is a good place to work. And Mr. Mackey is a nice guy who dresses well.”