

Dawna Jones interviewed Jay Bragdon, author of Profit for Life and an investment advisor for high net worth families, for the Evolutionary Provocateur podcast on Management-Issues.com. It is the first of the four-part series that outlines the market response to companies who value living assets: people and nature. The series presents the case for using crisis to innovate rather than freeze or implode.

What is living asset stewardship and the LAMP index and why is it important to business right now?

The LAMP index is a list of companies managed on a new emerging new mental model where the firm operates as a living organism dedicated to value creation rather than a profit making machine. This is a different but highly effective approach to the market. LAMP is an acronym which stands for Living Asset Management Performance. This reflects an important distinction in the way companies value their assets. Living assets are people and nature. These are fundamental different from non-living capital assets. First living assets are the source of capital assets. Second, capital assets cannot function without the assistance of people and nature. Those companies that place a higher value on living assets over capital assets practice what I call Living Asset Stewardship. This is premised on a respect for life. It's a biocentric world view where the firm sees itself as integral to the web of life not separate from the web or above it. Thinking in evolutionary terms I see this as a major adaptation in capitalism; a radical departure from the bankrupt and now dying industrial model of capitalism where the total cost of this system now arguably exceed its benefits.

So you ask why is this important to business? On a strictly performance basis over the past decade the LAMP index, which is my learning laboratory of companies, has appreciated on a total return basis slightly over 10% per annum including this past year which was a very poor one for the market. Its average annual return has been in excess of 10% while all of the primary benchmarks: that would include the Standard & Poor 500 and Morgan and Stanley Capital International World Index which is a global benchmark have all declined on a total return basis. They have lost money for investors. Also relative to the primary sustainability indexes: Domini 400, FTSE-4Good Index and Dow Jones Sustainability Index all lost money over the last ten years while the LAMP Index was appreciating over 10% per year on average so there really is something to how these companies are managed and the performance speaks to that.

You make a distinction between triple bottom line and triple bottom line. What is the difference?

The triple top line is different from the triple bottom line: these lines refer to profit (the more conventional definition, social and environmental return. Companies committed to the triple top line want to optimize all three returns. The triple top line approach requires that the means by which we pursue those ends must be consistent with the ends. If a

company is committed to life affirming goals then it must use life affirming means to achieve those goals. That is really the heart of LAS and it differentiates my approach from the more traditional triple bottom line approach where ends too often justify means.

Why should we the public even care about living asset stewardship and the LAMP index?

What we get is better ecological stewardship, more stable employers and business partners, more reliable vendors from a buyer standpoint, better investments and we get better neighbors, that is the companies that practice LAS are more responsible neighbors and they are better generators of tax revenues.

Also important, LAS is sensitizing capitalism to the living world in which it operates. This just has to happen. As I mentioned earlier, the total cost of capitalism now arguably exceeds its benefits. For example, we found out a couple of months ago that the U.S. government has to spend \$8.5 trillion in its bailout plan which is nearly 2/3 of GDP. That alone should cause some alarm about our system. But that figure doesn't include the costs of global climate change, toxic waste accumulations; earth's declining biological carrying capacity, public health and foreign wars. All of these collectively I would imagine would exceed the cost of GDP. We clearly need a new approach to business. So this is why we should care about LAS and the LAMP Index.

The talk has been there for years but there is a gap with walk. What is the shift that allows business minds to move from conceptual and cognitive understanding to putting it into action in their worlds?

In the book I am now writing I talk about this as an epochal paradigm shift. It is not one of these minor cyclical shifts in thinking. This is really huge. We are beginning to shift from a mechanistic rule bound view of reality to a much more holistic and organic one. I describe it as a watershed event. It has a lot in common with a huge shift in thinking that took place about five hundred years ago as Europe transitioned from the Middle Ages to the Renaissance. Like that period it holds forth a more expansive view of humanities possibilities. Back in the mid to late fourteenth century, at the dawn of the Renaissance, humanism lifted us above the narrow scriptures of theocratic law which held that science was heretical and it required humanity to live by faith alone. These were very narrow scriptures. The Renaissance became a bridge to the seventeenth century age of reason and from there it was an explosion of scientific knowledge which launched the modern era in which we now live.

Today we are again taking a much more expansive view of humanities possibilities. We are transitioning from a world view premised on a seventeenth century view of reality that emerged from Newtonian science and physical law towards a more expansive metaphysics which is based on centrality of life. Now like the rise of humanism and scientific inquiry during the renaissance, this paradigm shift toward what I would call biocentrism has arisen from many sources. This didn't come just from one place. It started over a century ago in the scientific community with an emerging interest in

ecology, complexity, and chaos theory all of which came out of the late nineteenth century. As a philosophical notion, it was advanced in the first decade of the nineteenth century through by William James's notion of Radical Empiricism. This held that reality was more than our experience of physical things; that it also included consciousness and the flux of life; both biocentric concepts. As a business idea we find early expressions of biocentrism in Johnson & Johnson's credo and the HP Way which became inspirational documents for those companies more than sixty years ago. One of the most succinct expressions of the biocentric movement is Canon's kyosei philosophy of working and living together for the common good and this also has ancient roots in Japanese culture. In terms of effectiveness, thinking of these three companies: Johnson & Johnson, HP and Canon, it would be hard to find three more successful companies in the past half century. These companies have been motivated by inspiring visions of the future that emanate both from employees and management, not just handed down from management. They also arise spontaneously from employees and are regularly refreshed via dialogue within the company and through multi-stakeholder dialogue held outside the company.

What happens to those companies who have adopted a half and half approach: put one foot in triple bottom line (social responsibility) and the other in command and control style of management?

Good question. I answer this in Chapter 13 of my book *Profit for Life* and there I draw some paired comparisons. All the companies I talk about in this chapter have passed sustainability screens but only half of them pass my Living Asset Stewardship screens. The other half are companies that are committed to triple bottom line agenda but which have command and control hierarchies and go about business in very much the old fashioned way it's just that they say they are committed to a triple bottom line. The difference in performance between these two groups is astonishing and it continues today. It is again the reason why the sixty companies in the Global LAMP index have so outperformed the common benchmarks like the Standard & Poor 500 and the Morgan Stanley Capital International World Index.

For those people who like to do their own numbers, if you took the sixteen companies I mention in the book and just looked at their performance; that is their capital changes plus their dividends, over the past year... it's a global list so it should be compared to the Morgan Stanley Capital World Index. It was a down year last year. The Morgan Stanley Capital World Index lost around 43%. The LAMP index companies, on a total return basis, were down 32%. That is an 11% difference and that is huge. In investment management if you can outperform a benchmark index by just a few basis points a year (a basis point is 100th of 1%) a year you are considered a hero. We are talking here about 1100 basis points last year. We are also talking about a consistent excess performance almost on a year to year of hundreds of basis points. This performance up through the end of 2007 has been verified by Northfield Information Services which is a major global supplier of risk reward analyses for major investment management companies. They are used by all the big banks: e.g. Fidelity, Vanguard - all the big names in the investment

business. They have verified the performance of the LAMP index and it is absolutely consistent with what I have been saying.

Stay tuned for Part 2: Using Crisis for Natural Innovation or go to www.management-issues.com to hear the four part series. This interview was recorded in January, 2009. Jay's book Profit for Life is available at www.solonline.org or on www.amazon.com .



Dawna H. Jones: Innovation for Global Sustainability – One Person; One Company at a Time. Dawna has spent 25 years helping companies and their employees strengthen self-organizational awareness to achieve higher levels of performance. Committed to doing whatever it takes to spark profound, lasting change in teams, organizations – or within oneself – she merges science, metaphysics, human and physical dynamics to optimal advantage. Call 778-288-0501
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