

Customers and employees favor companies with heart and soul that stand for something more than just their products, says **MATS LEDERHAUSEN**, who pursues investments that do more than make money.

TEXT **JONAS REHNBERG** PHOTO **EVA EDSJÖ/VOL**

A PASSION FOR PURPOSE



"For better or for worse, businesses have become the most powerful institutions on this planet."

to Mats Lederhausen, a former head of global strategy at McDonald's Corporation, corporate social responsibility (CSR) goes way beyond positive image building: "All human beings have a responsibility to help make our society better, and business is no exception. I also think employees and customers increasingly want their companies to be part of solutions and not part of problems."

Lederhausen recently left his senior management position to devote more time to his newly founded company Be-Cause. The company identifies and supports entrepreneurs who share his own visibly heartfelt passion for businesses with a purpose bigger than their products.

Entrepreneurs and companies have an important role to play in today's world, he argues.

"For better or for worse, businesses have become the most powerful institutions on this planet," he says. "More than half of the world's 100

largest economies are businesses, and people all over the world trust them more than they trust politicians."

AS A BUSINESS SCHOOL graduate with an entrepreneurial soul inherited from his father Paul, who started the first McDonald's franchise in the family's native Sweden in 1973, Lederhausen is confident that CSR in no way precludes sound business. He believes the critical point of departure is that we stop thinking about doing well and doing good as mutually exclusive dimensions of life.

"They are not, and we have to do both," he says. "We will never solve our challenges if the solution is that companies go bankrupt in the process. The only way forward is to find small steps every day to integrate good, smart, intelligent solutions that help companies grow, people thrive and societies prosper."

Globalization and climate change are two trends

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MATS ON:

■ WHY A COMPANY SHOULD ACT RESPONSIBLY AND TAKE A STAND:

- ★ It is the right thing to do.
- ★ You attract smarter, better and higher-energy people.
- ★ Eventually, customers will reward you for it.

■ THE FUTURE OF CAPITALISM:

"I passionately believe that if we all made investment decisions with a long-term perspective, we would have a more human and more attractive form of capitalism. But we tend to be short-sighted because we want good deals quickly.

"I think there are promising tendencies. Many private equity companies, for example, adopt a time frame of at least three to five years on their investments. Since they are not public, they can often disregard the short-term impact of a decision.

"Looking ahead, I would hope we could introduce some type of incentive that puts a premium on wealth that is created by creating real jobs, real products and real brands with lasting values rather than short-term investing."

NAME: Mats Lederhausen

AGE: 44

LIVES: Oak Brook, Chicago

FAMILY: Wife, Dr. Jessica Lederhausen and their four children 18, 17, 15 and 11 years old.

CAREER: Began his career with McDonald's in 1979. The Boston Consulting Group in London 1988 - 1990. Managing director and joint venture partner for McDonald's Sweden 1990-1993. Head of global strategy for McDonald's Corporation 1999-2003. During the next four years Mats played a key role in shaping the agenda that helped McDonald's complete one of the most successful corporate turnarounds in recent history. McDonald's Ventures 2003-2006. His newly founded company Be-Cause 2007-
www.be-cause.com

that have added tremendously to the complexity of doing businesses, particularly considering differences in stakeholder readiness for these challenges. Lederhausen agrees that the trends are as significant as they are difficult.

“All countries operate from different perspectives with distinct habits, cultures and norms. Acting responsibly in one culture can sometimes be seen as irresponsible in another,” he says, yet he believes globalization is a good thing.

“Like everything else in life we have to help offset some of its problems, but we can’t throw the baby out with the bathwater by proclaiming it is all bad,” he says. “Look at all the people in the world that have a chance to permanently be lifted out of poverty in the next generation. That’s a beautiful thing.”

IN ADDITION, GLOBALIZATION and technological advances have made companies almost completely transparent, says Lederhausen. He sees companies taking on a bigger role – because they have to and because people expect them to.

“Our governments are too large for the small problems of life and too small in spirit for the large ones,” he says. “People want organizations to stand for something. They are hungry for real companies that are both smart and effective but also show they have a heart and soul and care about more than themselves.”

AS A RESULT, LEDERHAUSEN SAYS, more and more people are looking toward companies that demonstrate heart and soul by acting responsibly. From a strict business perspective, responsible companies do better both in terms of sales and in terms of being able to recruit better people, he argues, while admitting the correlation is hard to quantify.

“The results of CSR activities are almost impossible to divorce from other normal business activities,” he says. “A company could for instance have a great environmental program that its customers liked, but it could still have poor customer service. Ultimately, it’s hard to say which of the two factors would have a bigger impact on financial results.”

Lederhausen argues that it’s vital for a company to identify its soul, which often gets lost as small companies grow into big corporations.

“Any organization must be clear about who it is and define its *raison d’être*,” he cautions. “Organizations without soul lack energy and will ultimately fail to connect with their most important

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stakeholders and become a place that employees simply view as somewhere to spend time between nine and five. This will not inspire anyone, which eventually will be felt by the customers.”

Consequently, it is critical for a successful company to have a purpose in order to inspire customers and staff. If lost, how can you recover it? Start by identifying your roots, says Lederhausen:

“Most companies are born from inspiration,” he says. “Very few entrepreneurs start businesses just to make money. Rather, that initial spark was often the result of a need they saw people truly had. Unfortunately, over time this idea gets buried in bureaucracy and process and loses its power. My job is to help companies awaken the power of that original inspiration again.”

Lederhausen aims to pursue this task as head of the newly founded company Be-Cause, which invests in entrepreneurs who both make a profit and contribute to society.

“I’m not really a corporate guy,” reflects Lederhausen. “I prefer being an entrepreneur than a big shot in a big company, and I have always regarded myself as a kind of business philosopher who is more concerned with the why’s instead of the what’s and how’s.”

IN ADDITION, HE REMAINS a senior adviser to McDonald’s, particularly on asset management and corporate reputation issues such as CSR and brand trust. This role is likely to touch on the growing concern over whether the fast-food industry contributes to obesity and poor health. Lederhausen acknowledges the problem but claims the initial focus on fast food was misdirected and a bit narrow.

“Americans eat less than one percent of their meals at McDonald’s,” he says. “Simple math suggest that almost everywhere people eat contributes to obesity. McDonald’s has actually done a remarkable job in this area. If you look at their menu today and all the products, information and investments they have made trying to help people eat better, I get really inspired.”

As a visionary thinker in the corporate world, Lederhausen is certain to inspire a lot of people, and his Be-Cause baby does its share. To inspire investors and other stakeholders, he quotes Renaissance artist Michelangelo: “The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.”▲



Mats Lederhausen does not see himself as a corporate guy. He prefers being an entrepreneur.

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