

# update

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Enthum Newsletter

Issue No 5 - May 2009

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## dear friends & colleagues,

Welcome to **update**, our regular newsletter. We value our connection with you and hope you find this edition interesting. [Feedback](#) or comments are welcomed.

### **New Ethics in Business** - Lilliana Gibbs

The paradigm of business as a ruthless, cruel world, where competition means cutthroat and egos rule, still seems to prevail in reality television shows like *The Apprentice* and *The Dragon's Den*. It's an image I'd like to see change.

Not long ago, Enthum had the task of facilitating a workshop for a major company reviewing cost saving options — a necessary response to the economic downturn. Among the ideas accepted was to delay payments to creditors from 30 to 120 days. Heralded as a good way to improve working capital, there was little mention of the negative impact this would have on the company's suppliers. Since then, we've heard of another large company squeezing their suppliers so hard, they contributed to two of them going out of business. Now that big fish is without the materials it needs to build its products.

We know the reality of being in business is tough, particularly when there's a headwind in the economy. We need to be smart, to think creatively, and to make difficult decisions. But we cannot exist in isolation. Its time to realise how we are all connected, that our problems — be they economic or environmental — need solutions that don't disadvantage others.

I recently came across this interesting research on leadership; Managers were surveyed about the specific qualities they look for in a leader. It wasn't intelligence, experience or confidence that topped the list, but *moral integrity* that was considered the most important attribute — and by a big margin\*.

And yet generally business gets bad press when it comes to moral integrity. But the view that capitalism is incompatible with social responsibility or environmental sustainability is being challenged by an approach called Natural Capitalism\*\*.



Natural Capitalism suggests there are new opportunities for businesses; not only to better satisfy their customers' needs and increase their profits, but also to help solve environmental problems, by fundamentally shifting from an economy reliant on purchasing goods, to one based on providing services.

There are some good examples of businesses reinventing themselves, like the carpet company. Traditionally dependent on selling and fitting a lot of carpet, Interface, they now operate a *floor*

*covering service*. For a monthly fee, they take responsibility for cleaning and maintaining client's carpets, replacing worn bits as required (now manufacturing squares, not rolls). They own the carpet, so it's in their interest to use less since they derive income from providing a service, not selling the stuff. Now waste is reduced, and for the customers, costs and disruption minimised. Everyone is better off, and so is the environment.

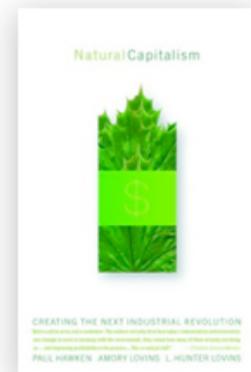
This new industrial revolution, like the one before, calls for new approaches to business. Let's think creatively about how we can sustain and grow our businesses without having an adverse effect on others, or better still, how our success also provide benefits beyond ourselves.

\* *Lennard McCourt Associates research. Emler, Tarry & Soat,1998; Emler and Stewart 2009 forthcoming*

### \*\*Natural Capitalism: Creating the Next Industrial Revolutions

by Paul Hawken, Amory Lovins, and L. Hunter Lovins  
ISBN 978-0316353007

In Natural Capitalism the authors see the world's economy as being within the larger economy of natural resources and ecosystem services that sustain us. This implies that we should attribute value to things such as human intelligence and cultures to hydrocarbons, minerals, trees, and microscopic fungi. The authors argue that only through recognizing this essential relationship with the earth's valuable resources can businesses, and the people they support, continue to exist. The book has many practical suggestions for companies interested in a sustainable future.



### **The Power of a Book** - *Grahame Pitts*

After planning a workshop with a client recently (a construction company that builds great buildings), I sent the three partners, three books that I have found useful over the years. The intention being to stimulate different thoughts, ideas and approaches.

The package arrived for the weekly operations meeting and became the final agenda item that Friday morning. The books were duly divided between them with a promise to read and report back.

I heard later, one partner read his through, one read about half (he had the biggest) and, Joe, took his on site, intending to find time during the working day. Leaving it in the tearoom, he became engrossed in business issues and attending a health and safety course.

When Joe returned, the book had been read by the youngest member of his team, a young man just out of school, not keen on learning or developing himself (or so he says at the moment). He proceeded to inform Joe about the book and how the contents revealed the management styles of each of the partners and where the issues in the business lay! Furthermore, he had a view on Joe's motivation techniques too, comparing it directly to the theories in the book.

So an unread book reached its destination anyway. Not in the way I expected, but certainly with a more interesting story!

The three books were –

[Who Moved my Cheese by Spencer Johnson](#)

[Leadership and The One Minute Manager by Kenneth Blanchard](#)

[The E Myth Revisited by Michael Gerber](#)

All best wishes,

**the Enthum Team**



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