The Purpose of Business in the 21ˢᵗ century
Anni Rowland-Campbell

David Packard's words to Hewlett-Packard's training group in 1960 were:

"I want to discuss why a company exists in the first place. In other words, why are we here? I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company's existence, we have to go deeper and find the real reasons for our being.

As we investigate this, we inevitably come to the conclusion that a group of people get together and exist as an institution that we call a company so they are able to accomplish something collectively that they could not accomplish separately … they make a contribution to society, a phrase which sounds trite but is fundamental …

You look around (in the general business world and) see people who are interested in money and nothing else, but the underlying drives come largely from a desire to do something else; to make a product, to give a service - generally to do something which is of value." (Quoted in Collins and Porras 1996).

As we consider the changes that are facing the global industry (in particular the challenges of new technologies, new markets, and the ever-present financial pressures to generate profits) perhaps the question central to ask is "what is that product and service", that "something of value" which we daily strive to create for both our customers, and, fundamentally, ourselves as part of society.

This central issue is one which is at the core of GAMAA's Leadership workshops and a major focus of the GAMAA Education Programme. It relates to why we come to work each morning, why we struggle to daily solve our working challenges, and why so many give of their time voluntarily in order to "make a difference".

From my perspective, at our most recent Leadership Workshop perhaps the most interesting discussion that occurred was around "the game of business", in particular, "The Prisoner's Dilemma".

In the workshop Professor Vivek Chaudhri gave participants a number of scenarios where competing enterprises utilise "strategic choice" to determine their course of action in a competitive environment, something that business people do every day. He used a number of examples, from the computer & IT industries to the airline industries, to demonstrate the reality of "The Prisoner's Dilemma" in the modern business environment.

The Prisoner's Dilemma is a "competitive, non-zero sum game played by at least two persons." Two men (George and Tony) are arrested for theft and immediately separated by the police who instruct each of them individually that if they confess (and the other does not) they will receive a greatly reduced prison sentence (say one year) while the other will get the maximum (say 25 years). If they both confess the police will be able to convict them both (they will both get 10 years). What the police don't tell them (but is obvious when you think about it) is that if neither confesses the police won't have a case but can probably convict them on a lesser charge (say 3 years). What should the two (rationally) do? The best outcome (as illustrated) and that which gets the least amount of time in prison for both of them, would be if neither of them confessed. However, George figures if Tony confesses and he doesn't then he

(George) is in for the long haul. Tony figures much the same, so, both confess, and what results is less than optimal – they both get 10 years. The dominant strategy – that which is "unequivocally rational" for each of them – gives them a less desirable result than non-dominant, and, in fact, less rational strategy.

	Hold out	Confess
Hold out	-3:-3	-25:-1
Confess	-1:-25	-10:-10

Prisoner A (rows) / Prisoner B (columns)

These sorts of games are a powerful educational tool and the lessons apply equally well for two competing businesses who set their prices in competition with each another without knowing each other's moves. Each will be cautious and set a price lower than he would if he were confident that the competitor would set a higher price – it becomes "business as war" and is a duel fought on price and price alone. In such cases the only person who usually wins is the customer. (Solomon 1999)

Following this exercise, our discussions centred on the non-rational strategies, and, particularly those which seemed to describe some of the truly 'great' events in both business and social history. As we began to unpack the purpose of being in business the discussion moved from maximising profits and return to shareholders, reducing costs, increasing efficiencies, and meeting the expectations of financial analysts, to adding value, helping customers to do things they couldn't do for themselves, building community inside the business, achieving things as a team, sustaining society, paying the mortgage and even building schools and hospitals.

What was so intriguing about this discussion was not necessarily the diversity and breadth of the points of view, but how quickly the comments became society-focused, rather than business and profit focused. From here the non-rational strategies became more clear because of the number of times that decisions are made which seems to cost the individual in the short term but benefit either the enterprise or society in the longer term. The true 'leaders' in these cases seemed to be able to make a tough

Self Sacrifice

	Hold out	Confess
Hold out	-3:-3	-25:-1
Confess	-1:-25	-10:-10

Prisoner A (rows) / Prisoner B (columns)

Unique outcome

Leadership is about making tough decisions in a Binary situation.

Binary, yet inclusive.

decision in a 'binary' (either/or) situation which gave the greatest return in the long run. An obvious parallel is a company's investment in both R&D and it's investment in its' people.

Decisions of this nature are the responsibility of an organisations' leaders, and it is those leaders who must 'show the way'. One definition of leadership which resonates with me very strongly is that

"A leader is one who takes the hardship of finding a better way of doing things for the common good and then selflessly shares the knowledge with others by guiding them on that path."

Leadership is much more widely distributed and devolved than is often realised, and for every managing director and CEO there is a support-team who must participate in the management of change and in finding an organisations 'core purpose'. Many in our industry are now rising to that challenge, and, by more fully understanding their core purpose are exploring a wider variety of options available in the game of business in which they are engaged.

These sentiments are supported by the emerging trends from Print21, in particular the fact that "collaboration is likely to increase in importance" (see Richard Vines' article in Print21, (Vines 2003). Being able to collaborate and play the game to maximum advantage means leveraging the core competencies which underpin the core purpose, and these are embedded in the people, products and processes within an organisation. These in turn must be aligned with the technological solutions - both hardware and software - (Prahalad and Hamel 1990).

The key to this is through Education, on all levels – (technical) skills, (generic) management, and (adaptive) leadership.

Suppliers have traditionally always focused on providing technical education – through trade shows, in-house training and technical seminars. GAMAA, as the organisation representing the suppliers to our industry, has, over the past four years, been working to design and provide educational products in the generic and adaptive areas, in response to the requests from our members and the industry in general. Our Scholarship programme (targeted at middle to senior managers undertaking university studies in business and management) and the accompanying residential Leadership Workshops (open to anyone in the industry seeking to develop their leadership skills and competencies) is designed to complement the activities of our members as they provide technical education.

From what we have seen through our international research and discussions with educational providers in our industry around the world, this 'working together' between companies and associations is a positive step in the right direction.

It was Vaclav Havel who said that "Education is the ability to perceive the hidden connections between phenomena" and the challenge of devising a new paradigm of education for our industry is now a major undertaking which many organisations are now pursuing.

GAMAA's next 2004 Leadership Workshop for is:
"Developing Leadership" to be held in Sydney from Friday 27th to Sunday 29th August, 2004 inclusive.

Anni Rowland-Campbell is currently researching for a PhD entitled "Analogue Leadership in a Digital World: Growing an Entrepreneurial spirit and Knowledge

mindset in the Graphic Media industries for the 21ˢᵗ Century" at the Open University Business School in the UK, in association with the London College of Printing.

References:

Collins, J. C. and J. I. Porras (1996). "Building Your Company's Vision." <u>Harvard Business Review,</u> (September - October): pp 65 - 77.

Prahalad, C. K. and G. Hamel (1990). "The Core Competence of the Corporation." <u>Harvard Business Review,</u> (May - June): pp 79 - 91.

Solomon, R. C. (1999). "Game Theory as a Model for Business and Business Ethics." <u>Business Ethics Quarterly</u> **9**(1): pp 11 - 29.

Vines, R. (2003). "Beyond the printing press." <u>Print21, November</u> : pp 42.