

# @Risk: The Mother of All Risks with Brian Gallant

[Music plays]

**Jodi:** Hey, I'm Jodi Butts. Welcome to @Risk, brought to you by Interac.

So much of a company's value is tied up in its reputation. More than a comms issue, reputational risk is existential. Canadians, like many other people around the globe, are demanding more of companies. It's not enough to make great widgets and to stay clear of trouble. Those widgets need to not create any harm, and better yet, the company making those widgets needs to situate itself in the society in which it operates, and help address some of its biggest challenges. And companies are wise to do what they say, because inauthenticity is the kiss of death.

So how does a company navigate these treacherous waters? I sat down with the 33rd premier of New Brunswick and the Canadian Center For The Purpose Of The Corporation's CEO Brian Gallant to figure out how a company can protect its greatest asset and not lose its shirt in the process.

Brian and I get a little philosophical, share a couple of laughs, and I try really hard to get Brian to break out his crystal ball. Reputation, the mother of all risks. Because its value to a corporation is as great as the demands to do more and better are complex.

[Music swells, then fades out]

Thank you for joining me Brian, and welcome to @Risk.

**Brian:** Thanks for having me Jodi.

**Jodi:** So is capitalism at risk of losing Canadian support?

**Brian:** There's no question that there's a huge appetite for change amongst the Canadian public. I would argue the public in the western world, and maybe even across the globe that there are pockets and trends that are very similar to what we're experiencing here.

The Canadian Center For The Purpose Of The Corporation did a survey of 3,000 Canadians asking a range of questions regarding their sentiments vis-a-vis global challenges, the economic system, businesses, the role of other institutions in tackling societal challenges, and much more. And one of the very interesting pieces that came from that survey was exactly what you just mentioned. There is a risk that capitalism be reformed, or that it be replaced altogether if something doesn't happen and happen soon.

Canadians would want to see a modernization of capitalism so it's more inclusive, fairer, and more sustainable. 55% of Canadians would want to see that. Then you add in the fact that 17% of Canadians want to see capitalism replaced altogether. Then you have

the rest, I think 28%, that would say, yeah, capitalism isn't perfect. But the status quo was is where we want to be.

So very clear appetite for change. And one of the things that we're trying to do with the Center is communicate that to the business community, not to try to use fear, but to try to demonstrate that this is a serious topic. People want to see all institutions step up and help overcome global challenges such as the pandemic, the climate crisis, rampant inequalities and inequities, and what we have pegged a lack of social cohesion in society.

And if businesses, just like other institutions, don't step up, the Canadian public, and again I would argue that this is a sentiment probably felt across the globe, people will become all that much more frustrated, irritated, and demand change. So there is a risk.

That said, I was a bit surprised to be honest that 55% still see that capitalism in their minds is the way to go. But again, they definitely want reforms. They want it to be modernized to address what I think Canadians believe and are right to believe are major challenges that we face and the globe faces at this time.

**Jodi:** Now, are Canadians looking to governments to drive that change or are they looking to business to reform itself?

**Brian:** It's really interesting. So there's a few layers to that question, and it's not a perfect sort of demarcation on what they're putting on who. But let me answer by giving you a few sort of angles in which we looked at it. So first off, the public here in Canada would say that the efforts right now, in terms of efforts right now to tackle global challenges, societal challenges, again, climate change, and equality and equity, social cohesion, the institutions that are stepping up in their minds the most would be governments and NGOs. It would be number one and two.

So the challenges that I mentioned, the Canadian public would put the institution of large businesses in Canada as the institution that is the least contributing. And we tested other institutions like media, academia, and NGOs, etc.

The interesting part is then when you ask who should step up and do more, you would think it would be large businesses that would sort of be the inverse of the first question and large businesses would come up on top. They do come up in a very significant way in second place. But the institution that Canadians still want to see step up more and do more to tackle these global challenges is government.

So it's interesting because they would put government as the institution that's doing the most right now or the second most right now for each of these challenges, but they still want to see more from government. So that would be the first angle that I would answer your question.

The second one though is the survey and research that we've done demonstrate that there's a huge interest amongst the Canadian public to have governments intervene and force businesses to step up. 69% of Canadians believe that governments have to

get tougher with businesses through laws, regulations, and taxes if we're going to overcome climate change. And 66% would say the same type of thing for inequalities.

So a huge appetite there for governments to step up, intervene, and force businesses to do more with regards to tackling climate change and inequality. And on top of that, there's about two-thirds of Canadians that would say that businesses should be forced by governments to be following a stakeholder definition, meaning that the business is focused on helping employees, customers, the communities in which they operate, the interest of the environment, and all of these things would be on par with the interests of shareholders and profits.

So again, to answer your question, it's fascinating because Canadians would say governments need to do more themselves in overcoming some of these global challenges. Businesses definitely need to do more as well, they don't think businesses are doing very much or large businesses especially are doing very much at the moment. And on top of that there's an expectation or a willingness to have governments really intervene and force the hand of businesses to do more. Which again, is a huge risk for businesses and corporations.

And the statistics that I'm kind of going through here and all the data that I'm sharing is I'm sure very similar in the US, in the UK, and in fact we would see many reports that would signal that. so this is not something that's unique to Canada, but it's certainly rampant here as well.

**Jodi:** And so how does corporate purpose fit into all of this? Like if you're a CEO and you're hearing these numbers and you think, wow, like I better do something, how is corporate purpose that something to be done?

**Brian:** Well, it's interesting because the topic of corporate purpose is sort of the latest iteration. And I just want to help those that are listening kind of wrap their heads around what we're talking about at least at the center that I'm a part of. It's really about the role of business in society. So we've had this conversation for a while now. And it's a conversation that has gone from some thinking that the role of a corporation, some would argue large businesses, their focus should be to create profits, provide people jobs, help create wealth, pay some taxes to help government deliver services, and that's about it.

But they sort of focus on the economic front. And obviously if they're a corporation, it's to help their shareholders. If they're a different type of entity it would be to help their owners. The role of society, the role of business society has sort of been changing in terms of people's definition or people's wishes. When you look at the last few years, we had CSR come up, we had ESG, we have B Corps, we have stakeholder capitalism, we have shared value, the purpose of the corporation which is in our name at the center. These are all about the same topic, it's what is the role of business in helping us tackle global challenges, in advancing the quality of life of humanity, and protecting the

environment, all of that all of that stuff that would point to the sort of challenges that we just talked about.

So for somebody listening that's saying, okay there's risk if we don't start acting, what I would say is first off you just have to understand what we're talking about. And hopefully what I just went through helps a little bit kind of wrap people's heads around the sort of the macro part of the discussion.

The more micro part is that the organization that you're leading, if you're listening and wondering what you should be thinking about, what is its purpose? And it's really important for people to be honest with themselves and to say, okay what is our why? Why does our organization exist? If I were speaking to all of humanity, what would I say to explain to them why it's important that our organization exists, that they support the fact that we exist, they want to work for our organization, they want to be a stakeholder of our organization either as a customer or part of the supply chain or just having us in their community? Why are we important, why do we exist, what are we going to try to do to help improve the quality of life, of a community, of a country, of the world? What are we going to do to help tackle some of the societal challenges or maybe even more local challenges? At the end of the day that's what somebody's got to be able to express.

And then obviously we can get into the real technical parts. It's more than just the mission of a business. It's more than just the feature or the benefits of the products or services of a business, right. It's not to say that okay, well our purpose is we build cars because by building cars we're helping people get to work and get to school and get to the hospital if they need support. Right? That's not the real purpose.

The real purpose would be we're building cars to help tackle climate change. That's a problem that humanity is facing. It's a problem the globe is facing, and we are going to make it our mission, our purpose, our focus to help fight climate change by building a different type of car. Right, so it's really important for to make that demarcation, because a lot of people will start to mention their, again, their feature, the benefit of their product or service. And that's really not what this is about, it's the reason why.

The only other thing I would say is that somebody listening may say okay, well we got to figure out our purpose. Like what makes the most sense for organization? What do I think it should be? What do the employees think it should be?

Those are all good questions, and they're all fair. But the one thing that I would say is that if you take one of those approaches in isolation of the others, you may end up with a very inauthentic purpose. It needs to be authentic, and for it to be authentic, it needs to be something that's led by the c-suite, but it also needs to be embraced and helped and co-created with the employees, and even better as possible the stakeholders of the organization.

And by doing so that way, it's going to be a very authentic reason why. And you're going to see employees that are engaged. You're going to see stakeholders that want to be a

part of your success and that want to help you succeed, and you're going to have pretty much everybody in your organization have more of a sense of fulfillment.

They're going to be more productive as well because they know why they're doing it, which is obviously a pretty classic business tool to say that everybody knows where we're going, why we're going there, and then we enable them to help us get there.

So really it's an exciting topic. It's a difficult one, however, because although it seems simple when you talk about it, it is very challenging for an organization, especially midstream, to say wait a second. What is our purpose? What are we focused on? Why are we in existence? It's not an easy exercise, but it's one that will reap many rewards and benefits.

**Jodi:** Yeah, I remember in the old days you used to have to list the objects of your corporation when you would seek to incorporate and you would seek out your letters patent. And it's interesting, it's like a little bit what's old is new again.

**Brian:** There's no question. And to your point, and actually the one that I sort of finished on, I mean it's a classic business principle that people should know what the purpose is of the organization. In my life when I've led organizations, I actually came to this realization that one of the best things that I could do if I was lucky enough to be in a position of leadership was to remind people of the purpose. And when you reminded them of the why, they're going to be more motivated. They're going to understand what we're trying to accomplish. They're going to be able to take some of the mundane or very difficult tasks and say, even if this is mundane, repetitive, not something that I find exhilarating right now or it's something that's really difficult tonight and I'm really having a tough time, they're going to get through it because they're going to say well I understand why I'm doing this I understand what benefit this will bring to the organization. But more importantly to society, to the community, to the stakeholders, to whoever the organization is trying to help and whatever problem they're trying to solve.

So it's a classic principle really, but again we've sort of morphed that in our quest over the decades to maybe focus more on profits and shareholders and asset owners. We've said to ourselves over the decades that we're going to instead of focusing on why are we doing this for the betterment of society, why is this going to help advance society, why is this going to help overcome a challenge, we're going to talk about our product's benefits.

And we're going to say, well again to belabor the example, well we're building cars because it's going to help you get to work. And it's going to help the economy, and it's going to help you get your kids to school, and it's going to help you if you have to bring your parents to the hospital. Right? And that, sure, benefits of a product, and for marketing purposes one can understand why that would be that would be talked about. But at the end of the day that's not the purpose. The purpose needs to be something that you're contributing to help the community, to help the globe, to help advance stakeholders that the organizations work with.

So it's, again, to your point Jodi, it's a classic business principle but it's one that we've unfortunately morphed over the years and we need to get back to the very core of it. Why do you exist, what is the purpose of this organization, and how do you live that purpose through your actions, through your words, and through your products, services, whatever it is that you're offering the world.

**Jodi:** And one thing I want to clarify, just to make sure I'm hearing you right. So just to keep with the car example, you don't necessarily have to have a no emissions car today. You could be in the business of manufacturing cars, but you could set out a corporate purpose that you're chasing. It's not necessarily a reflection of what you've achieved today, it's what you're trying to achieve down the road. It just seems like purpose in some ways has a bit more of a longer term horizon than maybe your annual goals.

**Brian:** It has to, you're absolutely right. And it's a journey. Anybody listening that has embarked on the journey of ensuring their organization is purpose-driven and stakeholder focused, I'm sure can attest it is not easy for a few reasons.

But one of them that I would like to underline is the fact that change management 101 would have you celebrate little wins on the journey with your team. Because you need to demonstrate that although the end point is far away, we have these little milestones. Sometimes maybe bigger milestones that we are accomplishing and we can reach and celebrate.

A challenge that you have when it comes to purpose, when it comes to this topic, is if you are for example trying to demonstrate that your business's product is now going to be more eco-friendly, you're going to be reducing emissions, whatever it is, if you hit a bit of a milestone and you celebrate that, the PR of it can be very difficult.

Because we're also living in a world in parallel to these shifting major trends with regards to all organizations, including businesses, needing to be purpose driven and stakeholder focused. In parallel to that we have a little less patience with organizations, with people in positions of power and influence.

So if somebody comes out, a CEO comes out and says we just hit this milestone, we're on our way, we're so proud of the team, good job, there's a risk that the PR that comes from it is that there's a backlash where people remind you of your organization's track record, the work that you've done out the window in the last 20-30 years in which you were not maybe doing that well with regards to whatever challenge you're trying to overcome is sort of brought right back to the forefront.

And it can be difficult for the organization, and it's not easy. But that's one of the things that we're trying to do with the center is help organizations think these things through, understand the internal aspects of how to make this a reality, how to make your organization purpose driven and stakeholder focused, all the while recognizing some of the external pressures that will sort of embody the work you're doing.

So I want to have a lot of sympathy for those that are trying. And to your point, you can be on the road to that purpose. But what's interesting is that purpose can sort of shift and change. And I know that may sound a bit weird, but right now we have global challenges of climate change, inequality and inequity, social cohesion that is strained. Well, these may not be, and I certainly hope that we certainly overcome these challenges, they may not be the challenges in a few decades.

So all organizations that create themselves now or that define their purpose right now with the idea that they're going to help overcome climate change, well I certainly hope that that's not going to be the main focus in a few decades because I hope we figured it out. So there may be another global challenge that has to be addressed.

Or it may still be climate change. But the point being is that if you're really an institution looking to better the world, you're supposed to be looking at opportunities you can help people seize challenges you can help people overcome. And if you're doing that, well, challenges and opportunities will shift over time.

So the purpose of an organization should be questioned. I mean in an ideal world, an organization may say you know what, we've fulfilled our purpose. I mean, it's done. We figured out challenge x, either we pivot and do something different or something similar, or add to what we've done, or maybe we just roll it up and our organization doesn't have a purpose for being anymore.

That's obviously far-fetched in today's world. But if we were developing a system right now, that wouldn't be that far fetched because that should be the focus of an organization. And if all of a sudden the purpose in which they were built to focus on no longer has a need, then there would be no need for the organization.

**Jodi:** Okay, I want to clarify another point which is when we think of corporate purpose, it can't be sort of something you do off to the side. Like for example, if a company makes widgets but they make donations to sick kids and kids have nothing to do with the widgets they make, is that corporate purpose or is that something else?

**Brian:** Well, it's interesting because there's... Your question's a very good one. There's a little bit of a nuance there. But let me start off by saying a purpose of an organization means that all aspects of the organization is geared towards that purpose. Just like you said in the sort of the body of your question, I mean, you can't say our purposes is ABC. And oh yeah, ABC, that's all happening in the department over there. They're in charge of ABC, right, because that is not your purpose. And that's a little bit of the CSR conversation.

I know some people that are very aware of the purpose convo when they heard me say CSR and ESG and all this stuff and put it all in the same kind of bucket, it's not the same thing, don't get me wrong, but it's in the bucket of what is the role of business in society. And before we were sort of accepting, okay, corporate social responsibility can

be a part of the role of business in society. People were saying back then businesses will create wealth and jobs and taxes for governments and economic activity, and on top of that they should be donating some money to good causes. So that will be the role of business in society, and that was I think accepted to some extent. Obviously people people's opinions will defer there, but I'm sure it was accepted to some extent.

Now, that's not really what people are talking about. The role of business in society has to be more in people's opinion, in many people's opinions. And that is, like you mentioned, it has to be the core reason for the organization existing.

So for those listening that are trying to wrap their heads around this, I mean let's use an example. A business that makes a billion dollars a year in revenue and is doing so in a way that it is harming the environment, let's say that it is really contributing in a negative way to the climate crisis, and then it donates five million dollars to help reduce poverty. Well, is that an organization that we feel has a purpose?

If they say no, no, look, we're very keen to donate and try to eradicate poverty. Five million dollars and it's going to help people to be able to lift them up and give them the support that they need to have a better quality of life. If you look at the five million dollars, you would say, well, they have a great purpose, but it's not a purpose. It's philanthropical efforts.

Sure, the organizations that receive the five million dollars I'm sure are happy about receiving the money. But all of a sudden there's lots of money that was created, lots of wealth that was created in a way that some would argue is not purpose driven at all. So it has to be at the core of what the business or organization does. It has to be what drives all decisions.

Now of course, at any organization you have operations and you have departments. And it doesn't mean that every day people are waking up and all they're talking about is the purpose. They understand that they have to do payroll, and they have to do marketing, and they have to do all the typical things that you do in the operation of an organization.

But they're all doing it with the idea that they know the why. They know why they're doing it. And although, again, their tasks at times may be difficult, may not be as invigorating as they would like, they realize why they're doing it. And that is fulfilling them and that's why they want to be there, because they say yeah, I may be doing this HR thing. But I know I'm doing HR for an organization that is so important. So when I recruit somebody and when I help somebody grow in their position and I help people understand their pathway in the organization, I'm doing it because this organization is helping address inequalities. That's what this business is about.

Now the only nuance that I would say about what you mentioned, I mean there's arguments by some that an organization could create widgets and the widgets have zero impact on any societal challenge. This is a bit of an extreme example because I'm sure you could probably link almost anything that's produced to being a positive or



negative for sort of societal contributions, but let's say for the sake of the example a widget is doing zero for any of the challenges. It really is just a widget.

The business could be set up in a way, though, that we're selling widgets and our purpose is in fact to give employment to a community that's having a tough time, or to create a structure in which people having a tough time, or a community that's having a tough time is able to benefit from the economic opportunity. So our purpose is indeed to shift some of the economic opportunity in this widget world, whatever that industry or world is, to this community that is having a tough time.

Now there you've taken a widget, so the product or service really isn't something that's contributing directly to a global challenge. But the way in which you structure the organization, you are. You are maybe addressing in the example I gave inequalities, inequities, gender inequality, whatever it might be. So there are ways in which you can build an organization, again, that may seem like it's not some big contributor to the UIN sustainable development goals. But at the end of the day, the way in which you're operating it is making a huge impact.

**Jodi:** So thinking back to some of the results of the research that the Canadian Center For The Purpose Of Corporation has done. One of the things that comes to my mind is that corporate reputation seems to have greater importance, while Canadians are looking for business, and particularly large businesses as you pointed out, to do more. And I think they're also placing more value and more importance into that reputation. Is that correct?

**Brian:** I think so. The risks associated with not being purpose driven, again, are pretty classic principles. There's a huge risk to your reputation, as you just mentioned, there's a huge risk that can come from sort of media and social media, again sort of in the realm of reputational risk. There's huge regulatory risk, which we covered in the first part of this this interview. I mean if an industry doesn't step up or if the business community doesn't step up, there's going to be more and more pressure on governments to force them to, which is a regulatory risk.

There's risk that your stakeholders will not be there for you at all, or they won't be there for you in tough times. There's risk your employees will not be productive you won't be able to retain them. There's risk that your employees will speak out and completely call you out on something that you're not doing or something that you are doing or sometimes, maybe even worse, something that you're professing to do that you're not.

You can have your customers, of course, have a backlash because they don't appreciate something that you're doing that they feel goes against what they thought you have as a purpose.

So all of these are sort of in the realm I think of reputational risk, and it's very real. It's, I think, enhancing. And I see no world in which it slows down. The research that we've done would demonstrate that the younger generations care a lot more about this stuff than some of the other generations. That said though, all generations do care. So that's

if somebody's saying, okay, well I have a little bit of time to figure this out, that's not really the case. Everybody does. But there's no question that younger generations care more about this.

And the idea that you're going to say, okay, well our purpose is going to be, going back to our conversation a while ago, our purpose is going to be... We have a department over here, you're going to make some investments, and you'll be in charge of engagement, and all that good stuff. And then this department, you're in charge of marketing. Make sure you talk about our purpose, make sure you talk about all the good stuff we're doing. And then the vast majority of the CEO and maybe more of the c-suite is focused on the typical, okay, how do we make profits? How do we ensure we're as efficient as possible? And it's all about our margins and our shareholders, asset owners, capital owners, then you're going to have a problem.

And the problem may not manifest itself right away. It may not manifest itself in a way that you actually recognize that it's a purpose problem, but you'll feel it.

When people were when people were trying to grapple with what they should say and what they should do with regards to the Black Lives Matter movement, in my humble opinion, it was most likely quite often because they had not thought about their purpose. They had not thought about their role in the community, their role in society, their role in addressing inequities and systemic racism.

And because they had not questioned any of that, once they were questioned on what they were doing, they didn't know what to say and they didn't know what to do. Some went out and said they're doing XYZ, or they will do ABC, and they got called out for it because it was either inauthentic. It was either because it was clearly in response to the movement and it wasn't something that was really embedded in the organization.

So it's a great example, I think, of how those that would- and for those listening, if you've had some of these challenges, and it could be another movement of course but that that's certainly one that's top of mind for us all these days- that's a purpose problem. And I'm not sure a lot of people are actually relating these challenges and risks and problems to the purpose conversation, into the stakeholder capitalist conversation.

I think they think it's in isolation, and that it's a comms issue or that it's an HR issue. It's a lot deeper than that. And again, if you're an organization and you wake up you, let's say you and I Jodi, we wake up this morning and we say we're creating an organization that's going to address societal challenge X.

Well of course, if we're going to build the organization we're going to make sure our organization in itself and the way that we would treat our employees and those involved with the organization is helping address X. We're going to ensure when we're working with our stakeholders, supply chains, customers, employees, everybody on the list, that we're helping address X. In the way that we build our products and services, we're going to make sure that we're helping address X. And the list goes on.

So it has to be embedded in everything that you do. Because if it's not, then it is going to be inauthentic, and that's a huge risk. So to go back to your original point, the risk is multifaceted and it is very real, it's poignant, and it's going to become more significant as time goes on.

What worries me for business leaders listening is I'm not sure that everybody's connecting the dots with some of the challenges, pressures, and issues that they've already faced. And that they don't realize, unfortunately, that these are indeed purpose problems. And I say that because it's unfortunate because there's people that are well-intentioned, people that would like to see their organizations do better on these things. But if they don't see the problems, it's going to be really tough to find the solutions.

**Jodi:** Yeah, so I totally agree with everything you just said. And I think some of the challenge too is that, and Sarah Kaplan actually talks about this. Too often the purpose conversation is framed as a win-win. And sometimes it is a win-win, but sometimes it involves trade-offs. And if we solely sell it on the basis of there being no downsides, maybe we hurt the overall growth in terms of the purpose discussion.

**Brian:** I think that's right, and especially because I think it makes us calculate our moves as a business community. It would allow us to calculate our moves in a sort of okay, win-win, we only look for wins. There are no downfalls to this. But that's not always the case on paper right away in the short term.

It's a little bit like... I mean, this is what's so interesting about being on this podcast. I mean, it indeed it can be very much framed with risk. So you can go out and start a business and just go a thousand miles per hour and do no due diligence and you say, look, my product is going like hotcakes. Everybody loves it. I'm just going to keep going and just keep going, and I'm selling and I'm selling and I'm selling. Where you're not looking at anything that is a potential risk to your organization.

And you say to yourself, well, why would I? I just started, this business is going so well, we're making money, it's all good. Everybody's happy, we're hiring people, government came and they cut the ribbon for our new building. Everything's great. But if you're not taking time to look at what the risks are, internal and for this conversation, very importantly, external, then in the long term that's not a business that's going to be very successful.

So in the short term, the business I just described, if you go and say, well wait a second here, you should maybe think a little bit more about what you're doing for your employees. And what indeed is your purpose for this organization? Yes, people like your product, but are you doing it in a way that it's authentically addressing the challenge that you've identified within your purpose or the opportunity that you've focused in on with regards to your purpose?

Are you really looking at your stakeholders and making sure you have good deals with them, you're including them in the success of the business in a fair way to you, in a fair

way to them? Are you looking at your impact on the community, your impact on the environment?

I mean, and then this person says, well why would I do that? I'm making a bunch of money, I'm going to keep going. I'm just going to keep going. I mean, I see there's no risk and if you just keep that flat line kind of approach, you're going to do better in the short term, right, in that scenario that I just described, you'll do better in the short term. Right?

And if you stop that sort of focus on just sell, sell, sell, because everything's going so well, and you start to focus on, okay, yeah, I have got to start thinking about the other stakeholders, my impact, all that stuff, it's going to slow things down a bit. You're going to sort of spread the wealth a bit. You're going to spend more effort, time, resources building capacity with your stakeholders and understanding the needs of the community and looking at your impact.

And that may slow down the profits a bit in the short term. But I don't know about you, but in the description that I gave of that business that's just go, go, go, and the other one that takes the time to look at all the other stuff, I want to invest in the second one.

Because that first one's not going to last. I mean, it may go for a few years, but something's going to give at one point. And when it gives, there's going to be no stakeholders around to support the business. There's going to be no government that's going to want to help them. There's going to be no employees that may want to work for them.

So in the long term, you're definitely better to take the principles of being purpose driven and stakeholder focused because you'll perform better in the long term. But to your point Jodi, you're absolutely right. If it's simple as, well, it has to always be win-win, there's no question that there's an investment of time and resources and focus. And it may slow things down a little bit, but at the end of the day it's the right thing to do.

And I mean, let's use an example that I think a lot of businesspeople that would be listening could relate to. It's like investing in innovation and research and development. In the short-term, investment doesn't give you much. So you could say, wow, I'm investing in research and development and innovation for our business and it's not giving me anything for the next quarter.

But again, if you take two businesses, and let's say everything else is the same but one of them is taking 20% of their profits and reinvesting in innovation research and development, I'm going to invest my long-term funds into that second business. Because at the end of the day, they'll last a lot longer and be on the cutting edge a lot more than the other organization. So it's the same concept when it comes to purpose. It's the same concept with regards to the considerations in the short term versus the long term.

**Jodi:** So I'm going to ask you to look into your crystal ball a bit here, because this is a question I'm always asking myself so I want to hear what you think. Over the long term, do you think all companies shift over to a more stakeholder capitalism orientation, or do you think kind of two camps emerge? And maybe the non-purpose-driven companies are more volatile and attract a certain kind of shareholder, whereas the more purpose-driven companies, on the other hand, just attract different types of shareholders and enjoy a different kind of shareholder base?

**Brian:** Well unfortunately, my crystal ball's in the shop. So you're just going to have to go with... You're just going to have to accept my thoughts on this and my feelings here. But so look, I think a few things. I would say that I think the conversation is pretty heated right now. I think there's not a lot of c-suite execs that would be able to say, purpose, what? There's a conversation about purpose happening? But there's a conversation about stakeholder capitalism. So this is real, it's emerging, it's going to gain momentum. That doesn't mean it's going to be a straight line.

I'm going to get pretty philosophical with you, so I apologize in advance. But I think unfortunately when it comes to humanity we invent really cool interesting amazing things, concepts, things, widgets if you will, innovations that have helped humanity leap forward often.

But what's interesting is even the ones that end up being quite positive, we at the beginning have a real tough time understanding how to regulate it. We have a tough time understanding the unintended consequences. And the more powerful the thing, the more powerful the tool, the more powerful the widget, the innovation, the concept, the more important it would be to understand it as quickly as possible and to put a frame around it. And to put rules around it, and to put understanding around it so that it is used for good and not to harm humanity.

And I'm going to use an example, because I'm getting very philosophical. So for those listening, for those still listening after I said I was going to get philosophical, social media is a great example. I mean what a powerful tool. And I think everybody listening can think of something that has changed in a very positive way because of social media. The power of it is I think not lost on anyone. But it's so powerful, and we don't really know how to regulate it. I mean, I think we're starting that conversation now. But we don't understand the unintended consequences. We're not necessarily aware of what it does to us, what it does to societies, what it does to information or really misinformation and disinformation.

So we we've taken this powerful tool and we're feeling some unintended consequences, there's no question. So I say that because I think capitalism in its purest form was a concept we built. And it was very powerful. It created lots of wealth, it helped advance humanity, it advanced the quality of life, it created jobs and opportunities, it brought in some concepts that really helped drive us as individuals, often. But it's so powerful that it also caused a lot of problems, and there's a lot of unintended consequences.

I would think we're at more of an enlightened stage now, and we sort of understand some of those unintended consequences and some of the issues that the capitalist system in its purest form, in the way in which it started, has caused issues and global challenges.

So I say all that because to answer your question, I think at one point, there's no question, that almost all businesses and organizations are going to have to be purpose-driven. There'll be a period, I'm sure, that some will get away with making it look like they are. Or we're talking the talk and not necessarily always able to walk the walk. There'll be some that are trying really hard and are making some mistakes. I mean, you're going to have all this transition.

So at one point, if my crystal ball were here I think you would say that at one point, indeed, humanity's going to say enough is enough. Organizations, all institutions, if you're built, it's not to cause harm to humanity. It's not the cause harm to the planet. It's to better our lives. So I think that will happen at one point.

Now we didn't get into this yet, Jodi, but obviously I'm sure some listening are thinking, well, it's all pretty subjective. Right? What's the right, what's good, and what's the right thing for an organization to do and what are the challenges to focus on, but those are all things that can and should be debated. But the concepts remain the same in which the organization should be able to point to challenges in which it's trying to help humanity overcome and the planet overcome.

Now that said, going back to the idea that we unfortunately have these powerful tools that will cause some harm to the way you frame the question, there's no doubt that there will be some that will say yeah, I understand the purpose conversation. I understand stakeholder capitalism, I understand how that will help in the long term, I get that will help quality of life and will help global challenges and all that good stuff.

I get it, but I also run a fund. I have a pension fund. I think that it's very valid for me to try to make as much as much of my margins as I can in my organization or to hit my growth numbers because all these people depend on my funds. So I'm going to be looking for short-term investments, maybe a few long-term ones, sure, but I'm going to be looking for the ones that are going to get me the returns I need.

So there's going to be quite a bit of that in the future, too. I mean the idea that that's gone, I think, right away I think is unrealistic, the idea that will continue in the way that it's been continued the way that it's been going since Milton Friedman's New York Times op-ed in the 1970s, I think that's unrealistic too.

but there's going to be a period of transition. And to bring my philosophical to the practical, I think that humanity has realized that capitalism can bring some good. But that there are definitely, like everything humanity's ever built, there are some issues and challenges that it creates, unintended consequences that need to be addressed. And I think the evident ones are capitalism has, there's no question, played a role in in

inequality and creating inequalities in climate crisis, in generating inequities. To some extent played a role in perhaps making it difficult for us to have social cohesion.

So with that in mind, there's going to be immense pressure for change to occur. And my hope is that businesses and people listening will say, okay, we need to make this change. This change is going to happen, and I want to be a part of it, and our organization wants to be a part of it. We'll make some mistakes. We haven't been perfect in the past. But our intention is pure and we want to be better.

And I think as long as businesses are doing that, then we'll be in good shape. But to your point, there's going to be a messy transition as we get there. And I wish I had my crystal ball, because I could tell you the exact year we'll get there. But I unfortunately don't, so we'll have to schedule another chat at one point.

[Music swells]

**Jodi:** Well, I don't know if every corporation is going to get there, but I'm pretty sure every corporation is going to have to report on it. Brian Gallant, thanks so much for sitting down with me and for sharing all of your insights on purpose. And hopefully everyone feels a little bit more purposeful after this conversation.

**Brian:** Thank you. Thank you Jodi, it was a great chat and I appreciated the opportunity to get a little philosophical with you. And thank you to everyone listening.

**Jodi:** Next time make sure your crystal ball is out of the shop.

**Brian:** Yeah, had I known. Had I known