Our definition of ‘success’ is holding business back—it’s time for a new one

By Sebastian Buck, Fast Company, Sept., 2020

The abstract idea of “success” may be the most important idea in business: the fuzzy notion that motivates millions of choices, careers, and dreams. But for all the energy applied in its pursuit, there’s little energy applied in contemplating the destination. *Fortune* recently published its annual Fortune 500 list, which it bills as “the ultimate business scorecard.” But its ranking is driven by just one metric: revenue. Is that really the ultimate scorecard in business? The pinnacle of success? And if not, what is? Does this time of crisis, reassessment, and renewal compel us to revisit what motivates all this work?

Those that disagree with *Fortune*‘s focus on revenue typically choose one of a few other old tropes: “winning” a category, optimizing efficiency, maximizing profits or shareholder value. These themes are so normed that much of the commentary in business focuses on how to succeed, skipping past any contemplation of what success actually looks like.

What if the old definitions of success have been too short, too narrow, and too shallow?

LOOKING FURTHER INTO THE FUTURE

CEOs like to point to the value created under their tenure by pointing to the valuation appreciation under their watch, but what if short-term maximization is followed by long-term decline—is that success? After Jack Welch left GE (with a golden parachute of $417 million), its valuation collapsed to under 15% of its peak. Was Jack Welch successful? Simon Sinek explores this conflict between short-term and long-term success in his most recent book, *Infinite Game*, which highlights the absence of a "finish line" in business, meaning the definition of "winning" is moot. If more leaders considered multi-generational success, many business practices would change, from what to invest in, to how to treat people.

For all the conflicting narratives about Jeff Bezos (hero! villain!), one thing that cannot be denied is his relentless push for long-term thinking, which significantly changes decisions; the mantra of "Always day 1" is the antithesis of managing for quarterly profits. The irony is his wealth now far eclipses all the people championing near-term profits in pursuit of wealth. In announcing significant COVID-19-related investments in people and customer service, he said: "If you're a shareowner in Amazon, you may want to take a seat, because we're not thinking small."

But looking further into the future isn't enough if today; success is too narrowly shared.

LOOKING WIDER INTO THE WORLD

The old definitions of business success normalize the practice of ignoring externalities, the ripple effect of impact on people, communities, markets, and the world. If COVID-19 has taught us anything, it should be that ignoring our interconnectedness is a perilous position.

Measuring employee well-being in addition to shareholder returns should be a minimum first step for any new definition of success. Too few people have meaningful work or true well-being at work. McKinsey estimates that COVID-19's impact on well-being is 3.5

times greater than the economic impact. Through this crisis, many leaders have used the talking point "our people are our priority," as if to highlight that before the crisis, they were not. A step in this direction: An initiative my company, Enso, worked on added a "Work Happiness Score" to company profiles on Indeed, derived from people reporting how they feel on key dimensions of human well-being at work. This is the kind of data that companies should be managing (and reporting) more frequently.

The ultimate business scorecard needs to account for impact far beyond shareholders and employees. Better late than never, some oil companies (Repsol, BP, and Shell) have set targets to get to net zero; a constructive leap forward and finally an acknowledgement that business success is impossible in a vacuum (or a furnace). Bernard Looney, BP's CEO recently said "We cannot escape the effects of other people's actions—just as they cannot escape ours."

This realization, if fully embraced, leads inevitably toward a much greater level of cooperation—just as trees collaborate in forests, sharing resources because success is much less likely alone. Far from hastening ultimate success, the idea of "winning," of standing peerlessly alone, may be the ultimate self-limiting strategy for companies. Being surrounded by a vibrant ecosystem has to be better than being the last tree standing.

Beth Ford, CEO of Land O'Lakes takes this view, as explained in a profile in *Fortune:* "Her job as CEO [is] inextricably linked with the need to create vital businesses in healthy, rural communities." Patagonia and Nike are much stronger for their efforts at building healthier markets (including the Regenerative Organic Alliance and the Fair Labor Association, respectively), even though old definitions of success would see those as unnecessary costs, clear candidates to be "rationalized" by old-success thinkers.

The World Economic Forum is working on a comprehensive business scorecard, or "metrics for sustainable value creation." This includes metrics for the impact on categories they've broken out as Planet, People, Prosperity, and Governance Principles. While still framed as a discussion document, it holds some promise that the need to define success more broadly is seeping into the mainstream system. With 75% of American asset managers now offering sustainable investing strategies, the pressure on companies to adopt better environmental, social and governance reporting is increasing. Even titans of the old world, like McKinsey, are advocating this shift: "Purpose-driven brands achieve more than twice the brand-value growth of brands that focus purely on profit generation, and purpose clarity is directly correlated with financial performance."

LOOKING DEEPER INTO OURSELVES

The third expansion of success is in looking deeper at what success really means for us as humans, and how companies can foster our humanity rather than diminish it. Psychologists, particularly Sonja Lyubormisky, have shown that happiness is a precursor to career success, rather than happiness coming from career success. But there's a risk people take this finding to reaffirm the old definition of "success": that financial or status achievement is the end goal, and happiness just a stepping stone. In the Declaration of Independence, Thomas Jefferson defined America's grand pursuit to be life, liberty and happiness, not wealth or status. How many leadership teams have even discussed whether their operating definition of success lines up with the ultimate pursuit for their people, community, or nation?

In his new book, *Humankind*, Rutger Bregman argues that the Hobbesian view of humans—that left to our own devices we're entirely selfish, solitary and brutish—is wrong. This matters, because traditional economics and management theory is based on it: employees need to be controlled with carrots and sticks, or they would be useless. Instead, Bregman makes the case that Rousseau's notion of humanity is much closer to reality: that liberated from central control, people are generally much more motivated, collaborative and productive—but that we often rise or fall to the level of expectations surrounding us (the so-called Pygmalion effect). Do our current business norms help us fully realize human potential?

Deeper reflection leads to more wisdom in business, and leaders guided by enduring principles rather than immediate profit. Brian Chesky recently shared his thought process on Airbnb's layoffs, which have been widely admired as being more humane and generous than the norm, demonstrating a values orientation even in the toughest of circumstances. Before determining which steps to take, he began by writing principles so he could navigate complex competing interests while staying true to his higher aspirations. "If you don't know what the outcome is, how do you want to be remembered? What's the right thing to do? … You know what your principles are even in a crisis." Darren Walker, president of the Ford Foundation is challenging business leaders with a question that examines their role in inequality: "those of us with power and privilege must grapple with a more profound question: What are we willing to give up?"

There may be no universal definition of success, particularly during complex and challenging times, but asking and debating these deeper questions is how we can make giant leaps forward. More leaders, teams and boards should be engaging in big questions of their shared humanity, and operating from that common understanding.

Old success looks like this: U.S. airlines distributed $45 billion to shareholders over five years, while the CEOs of United Airlines and American Airlines were publicly promising they were committed to stakeholder capitalism. But customer satisfaction was low, employees felt unsupported and untrusted, their externalities were terrible and getting worse, and, unprepared for a downturn, they had to ask for $50 billion of public money to survive this crisis. Their “success: was short term, narrow, and shallow. And yes, both companies are in Fortune’s 500 list; the ‘ultimate business scorecard’.

Old success was selfish and short-lived; new success must be shared and sustaining. If we really value our life’s work and our companies’ impact, we should invest in renewing our definitions of success, leaving behind all the old norms and default assumptions that aren’t serving anyone.