



LEAD WITH WE
SEASON 2: EPISODE 022
Martin Whittaker, JUST Capital

Simon Mainwaring:

From We First and Goal 17 Media, welcome to Lead with We. I'm Simon Mainwaring and each week, I talk with purposeful business and thought leaders about the revolutionary mindsets and methods you can use to build your bottom line and a better future for all of us. Today, I'm joined by Martin Whittaker CEO at JUST Capital, a leading nonprofit working to build and strengthen stakeholder capitalism through company rankings, research, and investment vehicles. So, Martin, welcome to Lead with We.

Martin Whittaker:

Thank you, Simon. It's great to be here.

Simon Mainwaring:

So Martin, JUST Capital was founded in 2013 and you joined shortly after in 2014. For those who haven't heard of it, like tell us about its founding, its original intent and what inspired you to join?

Martin Whittaker:

Well, it's pretty simple. So, it's a nonprofit and the goal is really to build a more just economy. We're basically getting big companies to do heavy lifting, more of the heavy lifting, try and create a race to the top, if you will, for how companies solve large scale, social, economic, environmental problems in America and around the world. We feel like the private sector is pretty good at solving big problems. It just needs the incentive. So, that's what JUST does. It's really a movement. A movement that I think has been growing in lots of different ways around the country and around the world for many, many years. And the thing with markets is like they perform best when they're supplied with information, so that you, Simon, if you wanted to buy from or invest in a company that aligned with your values, or that was doing something good about something you cared about, the environment, climate change or pay equity, unless you have the information, you don't know how to do that. And that's what JUST does. We're the folks that are supplying the market with that kind of information.

So, yep, you're right. We were established late-2013, Deepak Chopra and Paul Tudor Jones came together. You can think of Paul as Capital and Deepak is JUST. And came together around this idea. It actually started with Deepak in a class he was teaching on JUST marketing, I think it was in Columbia, in New York City. And a student asked him, "Well, couldn't business be more of a force for good to do that?" And he took that idea to Paul Jones, who obviously is a successful hedge fund manager and investor, knows about markets. And was also obviously, a very successful philanthropist through Robin Hood Foundation and other groups he's been involved with, Everglades and National Fish and Wildlife. And so, the two of them plus there were seven or eight other founding board members, came together and said, "Let's create a nonprofit that can really change the way America does business."

And that was late-2013. So, they started out a search for the CEO in early 2014. And I have spent my entire career, 25 years at that interface of money and purpose. And I felt as soon as I became aware of

the opportunity and I met Paul and Deepak and Arianna Huffington and Rinaldo Brutoco and some of the other founding board members, Ray Chambers, I felt like it was a group of people that were very serious about that. It was big, obviously very big, very bold ambition and undertaking, but I felt like A, it was what was needed and B, I could do the job. And I felt like everything I'd done up until then, which we can talk about if you want, equip me to try and give it a shot. And so, it's been a roller coaster ever since.

Simon Mainwaring:

That's the best type of rides, right? And just in terms of the basics so that we, we all really understand, I want to understand more clearly what JUST means to you in a sense, and then also, literally, what does JUST Capital do, whether it's polling or whether it's research? Help us understand. Because I think the marketplace has woken up, especially in the last couple of years and during the pandemic, to this dialogue about the larger and important role the business has got to play. But you know, it's great that the market forces are there, but how do you get it done? How do you make sure it's done with transparency and accountability? So, what does JUST mean, and then what are the meat and potatoes of what JUST Capital does to hold business accountable?

Martin Whittaker:

Well, it's fairly straightforward. Think of what we do in three things. First, we capture the voice of the American people on what JUST means, what does JUST business mean to people? And we do that by literally focus groups around the country, talking to people, asking them that question. What does a just business mean to you? We do polling. We do focus groups. We do quantitative surveys. We do a whole range. It's really not one poll. We do polling, but it's really public opinion research in lots of different methods and forms, that captures this idea of how Main Street America defines just business behavior.

Martin Whittaker:

And I'll tell you the results of that in a moment, but the public defines what just is, not Martin Whittaker, not Paul Jones, not Deepak Chopra, not the team, right? So that's number one, capturing the voice of the public through polling. Number two, we then measure how the largest 1000 publicly traded companies, the Russell 1000 companies, how they perform on those things. So, we have a whole research team that gathers the best data on how companies are actually performing on all the things that we've heard people care about. And then thirdly, we take all of that research and all that data, and we do things with it that drive change. We create rankings. So, every year, we have the Just 100 and we stack rank those thousand companies on how they're doing on only the priorities of the public.

Simon Mainwaring:

And that engages their competitive instincts, of course.

Martin Whittaker:

Absolutely. These companies want to be the best in their industry, among their peers. They want to compete to be more just, and this is one of the things we've learned over the last few years is there's a tremendous competitive advantage in being a leader on how you treat your workers and how you treat your customers, and the communities where you operate. So, the model that we've developed through

our polling creates a framework for measuring company success today. That's really what's happened. So, one of the things we do is the rankings. We track companies on how they're doing on diversity, equity, and inclusion. How are they doing on COVID-19 response, for example. We did that last year. So, tracking, ranking crucial. We also supply the data and the rankings to the investment community.

So, we've launched with partners, I don't know seven or eight separate investment products. We have over \$300 million in Just funds that you can buy. If you want to invest your savings or your retirement savings in a Just investment product, you can do that. So, building out a whole Just money department, getting capital to flow to Just companies is a tremendous incentive as well.

Simon Mainwaring:

So, you're encouraging the market forces that are incentivizing business to do more good, I guess?

Martin Whittaker:

You got it. Exactly. And there's a tremendous business case. So, we can talk about this if you want, but we do a lot of research to show what does that mean in terms of returns? How did the companies that do well in the rankings and do well on all the things we measure, how do they do in the market? And I'll give you the punchline, which is they do better. So, companies that are investing in their stakeholders, investing in their workforce, and doing well on these stakeholder criteria, they do better in the market. And we can talk about why that is. So, there's a whole investor side of our business, which is important. We're also very strong with our media presence, and we feel like the narrative of companies can be better used to create a race to the top.

So, we tell stories of leadership. We want to showcase CEOs and business leaders who are really doing well on these issues. And so, that requires a strong media presence. So, we've invested very heavily in that. We do more policy work now, to try and understand how the stakeholder model can be encouraged through policies. And we work with other nonprofits. We take our data and we work with nonprofits to accelerate their work. So, the platform we've created through this data and research intensive model is now helping us drive change at scale. And that's what we've seen over the last seven years.

Simon Mainwaring:

No, it's a really powerful expression of stakeholder capitalism in itself, and that you're reaching out to consumers or citizens to see what they think. You're enabling the investor class to play a more responsible role. You're holding CEOs and leaders more accountable and measuring them on diversity and inclusion. One of the things that I'm deeply passionate about is that stakeholder capitalism isn't just that everyone shares in the rewards, it's everyone shares in the responsibilities as well. Everybody has to play a role. One question I want to ask you about what you shared is you're doing something really important at a time when over the last few years, the country's never been more divided. And that's compounded by social media. So, when you poll what the American public means, that's such a loaded term in a way. How do you de-politicize the issue or how do you make sure that you're capturing the sentiment of the country, and also I was wondering, does that change over time? Do you see a lot of shifts? And so, you've got to sort of course correct on the way?

Martin Whittaker:

Yeah, so that is a great question. We go to great lengths to make sure that our polling is not framed in a political way. Literally every year, we start out with focus groups and a blank sheet of paper. "What does a Just business mean to you?" And we know because of the way we conduct a research, we ask people to identify their political ideologies. So, we're able to cut the data ... And by the way, we're polling tens of thousands of people. Over the last six years we've been polling, we polled well over 120,000 people. And like I say, we make sure we're capturing a fully representative voice-

Simon Mainwaring:

Representative set, yep.

Martin Whittaker:

And so, I could tell you that in fact, when it comes to how people think about business and what they want from business, there isn't that much of a divide. We see some division in some things, but for the most part, I don't care whether you're a line worker from Michigan, a Silicon Valley data programmer, like, it doesn't matter. People want fair pay. They want to be treated with dignity and respect in the workplace. They want a sense of upward economic mobility. People recognize training. Good jobs. The strengthened and diverse and inclusive workplace. Strong, healthy communities, clean environment, clean up your mess, addressing climate risk. These things are universally desirable when we think about what people want. And we've seen that relatively consistently over the years. The number one stakeholder each and every year has been the worker. So, essentially the defining relationship is between a company and its workforce. And that shouldn't be a surprise to anybody, right? Because so many workers have seen either wages stagnant and/or struggle to get by still rely on government support, even though you're working for a big company.

So, that is a defining relationship. So, we've done some of our best work and some of our best analysis on the relationship between a company and how it treats its workers, but it's not all about that. We see important subjects rise like data privacy for customers. Health of communities. Through the opioid crisis, we saw a lot of emphasis on how companies were really addressing literally, the health of the communities. And of course, last year with COVID, health and what companies could do to promote and safeguard employee health became a defining issue. And then over the latter part of last year, it was all about racial equity. After George Floyd, we saw companies really held to account for what they were doing on diversity, equity, and inclusion. So, we've seen issues rise and fall, but I would say the core of the model hasn't changed that much. And it is, I would say, representative. Typically, you get 75 to 80% of people behind, for example, the number one issue being, pay your people a livable wage.

Simon Mainwaring:

You mentioned you have a research team, and some of these areas are pretty complex and evolving themselves, like ESG, like environmental, social, and governance performances and metrics inside large companies. So, I'm pointing back to the ranking. If we're going to hold business accountable through the ranking, what criteria, how do you go about working out the criteria for DNI, for sustainability, for COVID performance? How do you do that?

Martin Whittaker:

Well, it depends on the issue because at the end of the day, you want to measure the right things. You don't want to measure what you can. Unfortunately, there's a lot of data out there on ESG. You mentioned the evolution of that. I know that space well, that's where I grew up, from the late 1990s onwards. And the ESG space has evolved a huge amount since then. A lot more disclosure, a lot more data on company performance. How much of that is really meaningful to performance? How much is it to financial performance? How much is it really meaningful to actually driving change? Real change that improves people's lives? Less and less, right? So, the key here is to measure what matters and that takes work. So, we spend a lot of time with partners with outside consultants, with experts, with subject matter experts to really figure out, "Okay, how do we measure this?"

When people say, "Hey, a fair and livable wage," how do you measure that? Where do you get the data? How do you approach the companies with that? So that is a challenge. I would say, the demand for meaningful data and analysis is accelerating rapidly. Primarily from investors. ESG is the fastest growing part of the global financial services industry. You see trillions of dollars flowing in that direction. And I don't see that reversing or softening now. And especially with the performance numbers that the best ESG funds put up last year, way out perform their non-ESG counterparts. So, I think the demand for meaningful data, and then what's going to happen now is we're going to have the SEC and other financial services regulators start to require companies to disclose information on human capital issues, on climate related issues and more.

So, I think the press for more data is on. The key Simon, is going to be, how do you get meaningful data where you and I, and ordinary people can rely on that, trust where it's coming from, and then use that to make decisions. And that's the gap that JUST is filling right now, right? You got to trust that we're doing as good a job as we can, as an independent, non-aligned, non-profit, that the data we're putting out, the rankings are telling the truth, or as close to the truth as it's possible to get.

Simon Mainwaring:

I want to ask you, you have this unique line of sight across all the industries, all the top companies, because ... And that's important because all of us that are in the swim of daily life, we see all the various issues coming up. Climate BLM, the pandemic, and then you go to all the different and all the different industries. How are we doing? Because I think about it and you go, "Well, you've got Larry Fink at BlackRock, yet they've still got oil and gas in some of their portfolios. You've got the business round table CEOs making a commitment to the social purpose of a company, not just its fiduciary duty to its shareholders," but then a couple of years on, there are reports that come out saying business round table folks can do better and the CEOs of B Corps take them on. What are we to think? Are we getting there? Is the vast majority of business absolutely laggards, they're way behind, they're not embracing this?

And even those at the front is still conflicted and not really getting there, or from your line of sight, do you see that actually, the leverage, the momentum, the market forces are building and we're starting to get there?

Martin Whittaker:

Oh, I really see, based on everything that ... Conversations, the research, the data, I feel as though there's a systemic shift happening. I think businesses are getting much more cognizant of the urgency of protecting capitalism in a way that creates value for more stakeholders. I think that sentiment is real. I think it's interpreted differently. I still don't think we all agree on what we mean when we say

stakeholder capitalism, but no, I'm more optimistic. I really am. I feel as though capitalism, if you look back over the centuries, has always evolved to reflect the values of the society that it serves. And it doesn't happen immediately. It doesn't happen overnight.

But when I look back at 20, 25 years of trying to measure companies on this stuff, in the early days, I remember reaching out to oil and gas companies to ask them for their sustainability reports and you get these glossy magazines that look more like national geographic shoots than like-

Simon Mainwaring:

Absolutely, they threw a lot of money at it. Yeah.

Martin Whittaker:

Yeah, yeah. Great pictures of like polar bears and happy people. And no numbers. No numbers in there at all. Now, I feel the access to data, an awareness of why that matters, what are the business advantages of change, of investing in stakeholders including the planet? Look at what happened two weeks ago with Engine Number 1 and ExxonMobil?

Simon Mainwaring:

Absolutely.

Martin Whittaker:

Right? That was a stakeholder capitalism campaign, but they didn't mention the word stakeholder. It's got nothing to do with that.

Simon Mainwaring:

It's an activist investor that came along and eventually took a board seat, correct?

Martin Whittaker:

Three board seats.

Simon Mainwaring:

Three board seats.

Martin Whittaker:

Three board seats. It's basically a board takeover. And they were motivated. This was all about equipping ExxonMobil to be a better position for the transition to a low carbon economy. That's what it was about. And from the point of view of the shareholder, in other words, this is all about shareholder value creation. Now you can argue the toss of whether or not they did it the right way, whether you agree with that or not. But the point is this, this was not about them being nice guys, or somehow being like Progressive's, socialists.

Simon Mainwaring:

Yeah, waking up and suddenly having a conscience. Yeah.

Martin Whittaker:

No. This was about business. And I feel like that is going to happen more and more now. You see almost all of the world's pension and sovereign wealth funds stack up on ESG and purpose related policies and activities. There's going to be staunch defenders of shareholder primacy. A lot of that I think either misunderstands the stakeholder model, I.E. they think it's somehow a zero-sum game. So, either I invest in my workers or I return capital to shareholders. I can't do both. You show me a CEO that believes that those two things are antithetical. You show me the business leader, anybody who's really worth their salt, who thinks the best path to creating value for shareholders, the best path to building a successful business is to not invest in my workers, screw the communities where I operate, don't think about my customers that much, like ...

Simon Mainwaring:

Pollute the environment, ruin my supply chain, yeah-

Martin Whittaker:

Pollute the environment, like come on, that is not reality. And so, I think as an idea for how markets should work, it's a better idea. And that's what I meant by the evolution. I think younger generation of workers, younger generation of investors, anybody trying to get by in America now, believes that I don't have to check my values at the door, at 8:30 or 9:00 AM to do some good in the world, to make money and have a good job and feel like I can prepare, I can look after my family, put food on the table and so on. So, I feel as though that is a powerful idea. I don't believe yet, that it has taken root in political circles yet. I think business leadership recognizes that, but I don't believe it's taken as an ideology yet.

Simon Mainwaring:

Absolutely, I tend to believe that ... And I'm not qualified to speak to the political landscape, but the inertia there is such that there's even more expectation on business now, because it seems more agile, more innovative, better position to do it. Would you say?

Martin Whittaker:

I would say it's one of two extremes. It's like I see a bar bell. I see either this is all woke capitalism dressed up, this is like companies just advancing progressive politics, and it's not about serious business and certainly not in the best interest of shareholders, right? So, that's one narrative. Then the other end of the spectrum is anti-corporate, just pay your fair share of taxes, pay more taxes in some cases, and government will take care of solving social problems. And I don't think that's right either because I think big companies, business in general, but big companies can and must be part of solving big societal problems. And I think that will create a lot of value for them and their shareholders. So, that's the barbell that I see, but business leaders, I think get this and smart investors increasingly get this that, "Wait a second, this idea that we're all about profits or all about short-term shareholder primacy, and we're not

thinking about the long-term and we're not thinking about what really drives value and who should participate in that value creation, and who should be rewarded for that value creation."

Martin Whittaker:

Those are big questions and we haven't really figured that out as a society yet. And that's what I mean when I say, "I don't think we're quite there yet."

Simon Mainwaring:

There's a tension I see between a reason to be optimistic, which is for the first time ever, we have the requisite stakeholders all at the table at once. I don't think I've ever seen a time where you have suppliers, employees, leaders, customers, consumers, but also investors at the table looking for change. Because only when you have that full coalition can you actually unlock the market forces that will drive that change. So, that's in the plus column. In the minus column, out there in the future, five and certainly 10 years down the track, these challenges we're solving for, whether it's a loss of biodiversity or a climate emergency and so on, they're all compounding and getting worse, and hurtling back towards us in the present. And the timelines we're working against are shrinking day by day because we're not changing fast enough. So, on one hand in the plus column, the stakeholders are at the table. In the minus column, I don't think we're quite aware of just how serious and how pressing these issues are. What do you see? Do you see that ... Are we meeting the moment yet or not?

Martin Whittaker:

I agree with your framing. I think, yes. I wrote about this recently, this alignment, the planetary alignment, consumers want more, workers want more, business leaders understand the stakeholder model behind it, investors certainly already there, politicians getting there, let's say. So, you do have this confluence, this alignment, which is a grounds for optimism, but all the things you mentioned, you can think of those as externalities that we've got to recognize and figure out how we stop kicking the can down the road. Climate is basically a big global economic, externality, an unfunded liability that's going to come back and get as if we don't invest in a solution. But you can say the same thing about a lot of social issues too. How is it that millions of Americans work at big, publicly traded corporations and still rely on food stamps to feed their family?

How is that possible? How have we created a marketplace where that is possible? That is just bad economics. So, I look at that as a ... That's a big externality, they should be paying for that. We're subsidizing companies and their shareholders, society, the taxpayer's doing that. So, those things result in bad things down the line. Division, civil strife, my boss, our chair, Paul Jones, gave a TED Talk in 2015, he talked about growing levels of inequality. And those things don't end well. War, civil strife. And so, I would say a lot of the division we see, and a lot of the people that prey on that division, that is also part of a path to a bad place. And so, when I think about what people ... Take it out of politics and just say, "What do you want from life? What do you want in terms of your purpose?"

And most people when they see the private sector and they see their jobs, most people are employed in the private sector, small businesses and large companies, right? Most people just want to look after their families, themselves. They want to have prosperity. They want to see a path to that. And so, I think we have a lot more in common in that sense, which is why the polling is really interesting. I think it exposes a lot of those commonalities. So, I think if, this is one of the reasons why it comes back to our thesis, to fend off those things that you describe as being on the negative column, we have to realize that there is

a solution. There is a pathway, and we can get there if we get more and more of our economic system working for more and more people to solve those problems. Not out of being good people, but out of enlightened self-interest.

Simon Mainwaring:

Enlightened self-interest, absolutely. And there is one scenario, which is that we all lean into this, on the basis of enlightened self-interest. There is another alternative though, that you see reported on quite frequently, which is those who either fall out of love with capitalism, as I know that in some of your research, that's one of the things that struck me that 50% of young people don't believe in capitalism as young people did in the past. And you're also seeing things like trends in China now. I was reading yesterday, there's this notion of what is a loose translation called lying down, which is young people, it's their vernacular for how they are opting out of the rat race. They're not going to buy a house. They're not going to get married. They're not going to have kids. They're not going to buy stuff. And they're literally unplugging from the system because they believe the system is so broken. So, what do you ... Because a lot of us project so much expectation and optimism on young people that are value-led, what do you see their role being in the future?

Martin Whittaker:

Young people, specifically?

Simon Mainwaring:

Younger people. I mean, are we right to lean into the role that they're going to play?

Martin Whittaker:

I think, I mean, obviously so much depends on having some faith in the system that will provide the future that you want. So, if you don't believe that the system is working for you, if you think it's rigged, if that's the narrative that you buy into, then it's very difficult to really support that, right? This is like when you see polling around lack of faith in capitalism, I think that's a narrative that somehow this is working for fewer and fewer people who are already rich anyway. And it's certainly not working for me, it's not working for the vast majority of people who feel shut out, discriminated against somehow, the playing field is tilted, rigged. So, you have to start to address some of those root causes, right?

You have to begin to say, "Okay, well, how can we build a market that actually addresses some of those problems that it faces? Because it does only work for a few people. It doesn't ... Or it is not working for everybody." So, how do we create a system where people have more faith in that, they do believe that actually there is a way that I can have a sense of purpose, that I can feel like I'm doing some good in the world? I can make a mark. I can pursue social, economic, environmental, health impact and make a contribution. And I think, when I was young, that idea was weird. You've felt ... Then you got to go work in the nonprofit space or you got to go to join the Peace Corps or something. And then you come back and you do serious business, but you don't think about that stuff.

Simon Mainwaring:

And make money, yeah. You make money, right.

Martin Whittaker:

And now, I just think that is a fallacy. I think there are many pathways where people can feel as though they can express their desire to do some good in the world. They can express the social purpose in whatever way they feel it, and build a career doing that. I also feel as though that the system itself is going to become much more democratic. Oh, share ownership is a good example of that. The vote, we just talked about at Exxon, was really an expression of democratic right as individual shareholders. So, I feel democratic expression doesn't have to just come through a political vote.

Simon Mainwaring:

The political system.

Martin Whittaker:

It comes in the stuff we buy, every dollar we spend, how we invest our money, all of those things. There's a lot of ways to express your will and your values in the world. So, I think a lot of that mashup gets better over time, but at the root of that is information and how we know what's truth. What can we rely on? How do we create better outcomes? What do we do? How do businesses change to create better outcomes for Black Americans? What actually should a company do? We've find a lot of CEOs, a lot of businesses don't know what to do.

Simon Mainwaring:

Let's talk about that, for those who are entrepreneurs, CEOs, founders, running large enterprises, listening, there are some key issues that you've done research and polling around, like racial justice and [inaudible 00:35:08] and gig workers and caregiving. If there was some fundamentals that anyone listening to this should know, that they need to get right to really play into this larger, positive movement that you're building, what are two or three issues that they should really focus on first?

Martin Whittaker:

Well, the framework is key. So, the winning companies, let's call it like the formula that lands well is, okay, who are my stakeholders, what does value creation for those stakeholders really mean? And to answer that, you got to go ask them. It's funny what happens when you actually ask people what they care about.

Simon Mainwaring:

They go, "No one's ever asked me that before."

Martin Whittaker:

So, asking people, not assuming, not projecting, but asking them what do they want. And then measuring it, gathering data on, okay, are we creating value for these stakeholders? How do we know we're doing a good job? How do we know we're ... How are we doing relative to our competitors? How do we see that, okay, and this is where we need to invest. If you've got a dashboard of your business and you can see, okay, we're doing pretty well over here on customer satisfaction and pretty well over here on how we invest in the communities we're operating or our supply chains, but we're not doing well here on our workers. And in particular, we're not doing well for Black and Brown workers, or workers of color or women in the workforce.

So, now you know, now you can say, "Okay, that's where we have to invest. We've got to invest in pay equity analysis. We've got to invest in building a more equitable and inclusive workforce. We've got to invest in senior management and our board, and all of those things that create pathways for women and minorities in business." So, if that's the area where you're not doing a great job, that's where you invest, like any good business. So, I think having that framework is really key. Really getting information, listening to your stakeholders, then gathering data so you can make intelligent decisions based on what you can measure, what matters, and then linking that to performance.

Simon Mainwaring:

Fantastic and I want to say thank you Martin, for your guidance over the years, but also for positioning JUST Capital as someone with the necessary credibility in terms of research and accountability and the metrics of change, so that companies can trust you and can look to JUST Capital and you can be a carrot and a stick for them, because we need somebody to inspire, but also lovingly coerce business to move in the right direction. So, just really appreciate the work that's being done and look forward to hearing more and sharing more of what JUST Capital is doing. So thank you.

Martin Whittaker:

Well, thank you. Thanks for the opportunity to talk about JUST. It's been great getting to know you. Really appreciate it and happy to come back anytime and tell you where we're at, but thanks once again. Pleasure's all mine.

Simon Mainwaring:

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