



FlexBulletin #115: How Big Should Allstate's 'Good Hands' Be?

October 13, 2016

In a time when thoughtful discussion of issues is infrequent, deep questions are truly rare

We all have our longstanding rituals - some irritating and some comforting. One of my indulgences is the morning paper. Yes, the Washington Post still delivers a real paper to my doorstep every morning. I sit down with my coffee, scan the front page and usually turn to the increasingly lively op-ed pages for a dose of insight and distress. Being in DC means a paper with a strong dose of politics overlaid with all the intensity of the 2016 campaign - at least the parts that are fit to print.

Imagine my surprise upon opening the September 29 issue and finding an op-ed piece written not by the stable of opinionators rehashing their predictable views - but by the CEO of Allstate under the title [**How corporations can be a force for good.**](#) "You're in Good Hands" indeed. It's rare to experience whiplash, and even more rare to be struck by a double lash. But there it was: a contrarian, broad business opinion nestled among predictable small "p" politics.

Now, I thought this opinion was unusual not because I think corporations are a force for evil-they aren't and many do any number of good things. I found myself responding to the far-reaching and intriguing content of the piece. I don't regularly quote from 3rd parties, but this merits an exception. (I should add that I am commenting on this article and not on the policies and practices of Allstate, which may reinforce or differ from the CEO's themes.)

The role of corporations has evolved over the centuries, and another shift may be at hand

Tom Wilson is the CEO of Allstate Corporation and vice chairman of the U.S. Chamber of Commerce. He is an unlikely champion of sweeping change. Yet he opens his thought piece with the following:

For decades, corporations have been expected to concentrate on one mission: Maximizing profits for shareholders. While that might have been appropriate decades ago, it isn't now. The emphasis on profits has widened the trust gap between corporations and society, resulting in an adversarial relationship between the private and public sectors. Let me be clear: Shareholders must get a good return, but at the same time corporations must work to be a force for good in society.

This is not a call to abandon the profit motive or to shift corporate goals to social good above all. But Wilson does argue for the devotion of significant, even massive resources to the society that cradles the business and the many communities that make it possible. And it is more than a minor tweak in assumption, habits and commitments. After reviewing the evolution of 500 years of corporate purpose, he offers the following prescription:

The corporation of the next 100 years must take on societal problems. On their own, governments, social service and charitable organizations simply do not have the capabilities and resources to solve the problems of inadequate education, poverty or public fiscal insolvency...Corporations should be encouraged and rewarded for stepping up to solve society's problems. That will require a change in mind-set. Today, corporate leaders are graded on stock price, not on the amount of good their companies do. We must broaden our evaluation of corporations beyond share prices to provide space, light and water for their role to grow.

How might companies behave differently if their dual focus was "profit + public"?

This essay and others like it might launch a discussion about the future of our great and powerful corporations. I look forward to such a conversation. For the moment I will stay in my lane and simply share some of the potential implications of such a shift for matters near and dear to my heart: flexible work. I will narrow it even more to the issue of Phased Retirement.

For this and other broad "employee support" programs which have evolved over the last couple decades, the starting - and often ending event - is the development of the so-called business case. Typically, this is a rough or refined cost/benefit analysis that ideally demonstrates that the (largely economic) gains of a given initiative will outweigh any costs. This process can often be imprecise and on rare occasion may lead to support for activities which might seem or prove "unprofitable."

What does not appear to happen now is a broader business case analysis. As Tom Wilson suggests above, "*The corporation of the next 100 years must take on societal problems.*" As I mentioned in my last [Bulletin #114](#), the U.S. workforce is "undergoing a steady transformation in life span. With the average US male living until 76 and women until 81, it will take far more than golf to fill the 10-20 years after mandatory retirement. In addition, these decades will require quality healthcare, many forms of caregiving and healthier pensions."

How might the consideration of something like Phased Retirement unfold differently?

We have long had policies of *mandatory retirement*, which have slowly become more harmful than helpful for many. But with our current business assumptions, it would be unthinkable to implement *mandatory employment*. By definition, in a profit-only discussion and decision process, any approach that increased labor costs would be seen as unprofitable. In a dual-focus world, the larger, societal questions are far more likely to be on the table.

Here are a few notions regarding thinking about older workers in a new world:

1. Employers would consider the diverse employment needs of their communities
2. Support for ongoing work within or outside the primary employer will be common
3. Diverse forms of working will be available over a career
4. No arbitrary limits (mandatory retirement, 2-years only of "phased retirement", etc.)
5. Generously funded profit-sharing and/or retirement accounts will be provided

You can doubtless generate your own list on this topic, or imagine how it would play out in any domain you work with. It's important to note that the assumption remains that business operations will continue to be managed effectively and efficiently and profits will continue to be generated. Their size and distribution might change, but we can't know how all this might unfold as we move down this path - if we do.

One simple conclusion: You never know what's going to be in the morning paper or who will say the most unlikely things.

Best regards, Paul Rupert

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