

Technological Innovation and the Prudent Man

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As background for the main proposition to be advanced later, it is noted that roaring inflation, persistent unemployment, underemployment, a gradually eroding standard of living and other woes are due in large part to a paralysis of fortitude in our society. Too few are ready to take risks associated with creative approaches to solutions to these problems. Nor is there enough willingness to accommodate the change that accompanies better and more timely solutions. Unfortunately, there is plentiful evidence in support of this observation.

Except for those hardy souls who start up and operate small businesses and a few large companies, there is a lack of new product and service innovations that yield increases in productivity, that permit a higher standard of living and at the same time subdue inflation and create new jobs.

Innovation and risk-taking are ways of life for the small-business person. They are unavoidable in starting a business and achieving profitable growth in a highly competitive environment dominated by giant corporations. In short, small businesses innovate, take risks or die.

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On the other hand, big corporations, with their vast resources and well-established markets, are primarily emphasizing improvements in existing products to increase profits. Frequently they obtain needed new products and services by acquiring small companies. Consequently, over the past 10 years or so, total employment by large companies in the U.S. has remained about level; whereas the increases in private sector employment have come largely from small companies.

Failure of large companies to be more innovative is partly a function of our growing, no-risk culture. Innovation means doing something new, often at great initial expense, first in development and later in startup costs of manufacturing and marketing. The rising cost of innovation, investor pressure for immediate earnings and greater uncertainty of an unstable economy have increased the tendency of large corporations to avoid the risks associated with truly major innovative products or services.

The emphasis today is on immediate payoffs from marginal improvement in existing offerings and from lower costs of labor through mechanization and automation. In this environment, development of new products and services takes a back seat.

The education establishment resists the changes required by a declining student population, rising costs and an increasingly obvious inability to meet individual needs. Equally serious, universities are no longer in the vanguard in many scientific, economic and social fields. Labor unions shun cooperation with corporations in addressing the needs of society – and, by extension, their individual members. Many foundations supply money out of their income to alleviate social ills. However, they invest their assets in securities to the virtual exclusion of higher-risk investments. This is particularly ironic in that most foundations owe their wealth to some entrepreneur's willingness to take risks a few decades ago.

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SOCIAL RESPONSIBILITY

At the same time that business is maximizing short-term profits with minimum risk, there has been a growing trend by business to recognize that it has responsibilities beyond just making a profit. These are commonly called social responsibilities and embrace a wide range of activities. Their major thrust is that of appropriate concern for the non-shareholder constituencies: employees, customers, suppliers and communities. This means managing the process of making profits for shareholders in such a way as to maximize positive impact and minimize negative impact on these constituents.

Positive actions take many forms and include equal job opportunity for employees, improving career opportunity for disadvantaged employees, counseling for chemically addicted employees, community improvement, purchasing from minority businesses, pollution reduction, energy conservation, product quality and safety, and charitable contributions. All of these areas are receiving increasing emphasis because experience shows that pollution, employment discrimination, impaired work performance caused by chemical addiction and producing inferior products, for example, can be very costly. So there is increasing evidence that addressing social responsibility is enlightened self-interest and not mere altruism.

from the tough realities of an increasingly complex society, engulfed in a sea of trouble. He is long overdue to remove it because the major unmet societal needs are crying for attention and they offer sound business opportunities.

“At present, the Prudent Man is an ostrich with his head in the sand, timidly hiding from the tough realities of an increasingly complex society, engulfed in a sea of trouble.”

TEACHINGS OF HISTORY

Such a strategy isn't new to the Prudent Man. Somehow he forgot what he learned at the turn of the century from Henry Ford and other entrepreneurs. He needs to review history and relate it to the trends of the times.

Henry Ford addressed the urgent need of a growing rural America for better transportation and in the process built one of the great corporations of the world. Hundreds of thousands of jobs were created in its factories and in the consequent service businesses set up by others. At the same time, fortunes were made by untold numbers of people as the Tin Lizzy proliferated.

General Wood of Sears Roebuck built a highly profitable network of retail stores to serve the diversifying needs of a new American middle class. General Electric and Westinghouse built great businesses serving the growing needs of a nation for electrical power. Other examples from the past could be mentioned. However, I believe the point is clear that history teaches that addressing major, unmet societal needs is sound business.

But there is a difference today. The needs are more complex and they often require massive resources to be assembled through cooperative arrangements. Yet, for a number of reasons, corporate managements are unable to even seriously contemplate such an approach, let alone adopt it.

One reason is related to cooperation. Positive thinking on this essential element of a long-term strategy is hindered by the arrogance that is inherent in a large organization, the desire for autonomy, bureaucratic inertia and distaste for collaboration with government because of the traditional government-corporate adversarial relationship.

A second source of hangup is the narrow field of interest of executives caused by an inordinate preoccupation with short-term earnings in response to stockholder pressures and executive bonuses which are

dominantly geared to the current year's bottom line. Another and related reason is that the risk is greater and adequate return on investment comes much later than the type of investments presently favored by investors and corporate management.

THREATS

These barriers are probably well enough understood so that further elaboration is unnecessary. In any case, it's more important to review means to remove or reduce them. Before doing that, some other factors must be mentioned beginning with the reminder that there are serious threats to business as well as opportunities for it to profit from unmet societal needs.

Some of the obvious threats are poverty, crime, unemployment, illiteracy and inequality of opportunity. Given the high expectations built into our culture, in significant part through the achievements of business and the high visibility of the lifestyles of the most affluent, the persistence of grave problems in these and other related areas threaten our business system and currently burden it with their cost.

There are many sources of cost to business arising from unmet societal needs. Unemployment compensation and shortage of skilled workers are direct costs to business. Taxes for welfare and the penal system, though indirect, are just as burdensome. In the aggregate, these costs take a huge toll that is steadily increasing and business does little more than complain, instead of helping with solutions to reduce them.

A prime task of management is to foresee dangers and to take steps to avoid them or deal with them. A threat is a threat, whether it originates from economic or other factors, and management's responsibility for the health and vitality of the enterprise requires that threats be identified far enough in advance for appropriate action to be initiated.

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Major unmet societal needs are poisoning the environment, and there are few who would deny that they represent grave potential threats to the social order. Speaking strictly in terms of business responsibility, management has an obligation to do what it can through its business policies to correct or relieve conditions that are inimicable to the long-term viability of the enterprise and the totality of the environment essential to its very existence.

And, as mentioned earlier, the environment presents opportunities as well as threats, and by creative initiative some threats can be converted

to opportunities. Some of the most serious threats, in fact, have the potential of being converted into the greatest business opportunities.

BUSINESS INITIATIVES

Big business must provide the initiative in addressing major unmet societal needs. No other sector of society has the capabilities for taking large-scale initiatives and efficiently planning, assembling resources and managing the large and diverse programs that are required. Most agencies of the government are narrowly focused on single fields such as labor, commerce, housing, agriculture, urban development, transportation, energy, and defense. These organizations have neither the competence nor the authority to address societal needs which require multifaceted solutions.

Education, foundations and other parts of the non-profit sector are similarly situated. On the other hand, these organizations can make highly essential, cooperative contributions within their fields of expertise and authority to the broader-scale programs.

A necessary part of the initiative is to obtain appropriate participation by the government. Often this means much larger financial investment by the government during initial stages to prove the validity of

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approach. Government funding is appropriate for planning, research and development, special facilities and education and training. It has been my experience that government agencies welcome initiatives by business and will support well-conceived programs.

CONTROL DATA PROGRAMS

The strategy that I have been advocating is not mere theory. As mentioned earlier, Control Data adopted it, and I will now review a number of programs addressing major unmet societal needs as business opportunities.

INNER CITY PLANTS: Our first program was the establishment of plants in poverty-stricken inner city communities. The first plant was established on the north side of Minneapolis a few months after fires and rioting occurred there in 1967. Since then, we have successfully located five plants in depressed communities and total employment in those plants now exceeds 2,000 persons.

By working closely with local community-based organizations and with government funding for training, Control Data has succeeded in

making poverty-area plants profitable at a level competitive with conventional operations. At the same time, we are serving the interests of each community and providing a path for disadvantaged persons to enter the mainstream of industry.

EDUCATION: Control Data's largest program addresses the worldwide need for better, more available and less costly education. The only practical way to make significant progress in addressing this massive and urgent need is through the use of technology such as television, audio/video tapes, telephone and satellite transmission coordinated in a network learning system with computer-based education.

Control Data has been engaged in developing such a system, called PLATO[®] computer-based education, for 18 years. This effort includes scores of cooperative projects with the government, universities, large companies, small organizations and individuals.

Most of the initial funding was provided by the National Science Foundation in support of a cooperative project between the University of Illinois and Control Data. After expenditures of approximately \$25 million in government funding, feasibility of the approach was verified and since then, most of the funding which is in excess of \$600 million has been provided by Control Data. The project with the University of Illinois has continued with funding by Control Data. However, it is only one of 40 projects with other universities. In addition, there are many more cooperative projects with individuals and small companies for the purpose of creating computer-based training and education courses.

HELPING SMALL BUSINESS: Cooperative effort with small companies is also part of our program that addresses the major societal need of building a more viable small-business sector. This need is evidenced by the following facts: First, about half of all private sector jobs are in small business and over 90 percent of the new jobs in the last 10 years have been provided by companies with 500 or fewer employees. Yet, the environment for small business has been deteriorating because of increasing competition from large companies, increasing government regulation and decreasing availability of capital.

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Belatedly, a national awakening to the importance of small enterprise in employment and job creation is occurring, and legislation is pend-

ing to provide more support for small business that includes tax breaks, increased availability of capital and some relief from government regulation.

This type of support is important. But, it is not nearly enough to stimulate the vast increase needed in the number of new businesses and small farms and to assure the continuing profitable growth of existing small enterprises. The magnitude of support required has been demonstrated in the past by the shocking mortality rate of new firms. Only 20 percent of those started survive, most fail in the first year, and over 400,000 fail each year. This social waste helps fuel the devastating inflation that is undermining our quality of life. Even worse is the loss of jobs represented by these failures. The only feasible way to achieve adequate improvement in this dismal picture is through the better utilization of existing resources to avoid big increases in government spending.

Major resources presently underutilized for helping small enterprise are the technologies and professional and management resources of big business, universities and government organizations. Helping small enterprise is a major business opportunity for big business. There is

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an enormous potential for large companies and small companies working together in addressing such major needs as alternate and less costly sources of energy, greater energy conservation, more conservation of natural resources, urban revitalization, more efficient food production and better rural living.

Large companies can work directly with small companies in addressing these major needs of society or by forming consortia with other organizations to assemble the diverse resources to provide holistic approaches required for adequately meeting such needs as improved urban and rural living. Control Data is participating in consortia which address urban and rural development, and we are working directly with small companies.

Control Data offerings for small business include financial, data processing, training, professional and technology-transfer services.

Another service is our Business & Technology Centers which provide various combinations of consulting, shared laboratory, manufacturing and office facilities and services for facilitating the startup and growth of small business.

The most recently introduced service, and one especially important to small business, was launched last year. It is called Control Data Business Advisors, which is marshalling a wide range of consulting expertise wherever it is located and making it available where it is needed. To supplement a small core of full-time functional experts, all Control Data employees who have expertise which may be marketable to small business and others, are listed in the consulting resource data bank and made available on a part-time basis.

The point here is that many people have talents beyond those called for in their job of the moment. And they also get worn out doing the same job day after day. Therefore, part-time, temporary consulting assignments not only make more productive use of individual employees but provide stimulation through the challenge of varied assignments and offer them a means of gaining beneficial additional experience.

Other large sources of underutilized individual resources are retirees and university faculty. At present, most of these people have no means of effectively marketing their underutilized skills, especially to the small business community.

URBAN: The consortium addressing urban revitalization is called City Venture. Clearly, major societal needs are interrelated, so successful efforts to address them must be similarly interrelated. For example, unemployment is reduced with better education; jobs are created by developing new sources of energy. More specific to the urban and rural scene is that an enormous expansion in the number of small businesses and small farms is needed in order to adequately address urban and rural needs and to reduce the cost of food. Conversely, these kinds of opportunities are needed if a meaningful livelihood from entrepreneurial enterprise is to be made available to millions more people.

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Because of the diverse and extensive capabilities required in building and rebuilding urban areas, a consortium approach is required, and, for the first time, adequate resources have been brought together by City Venture in a unique and efficient pooling of the resources of individual organizations. At present, the large corporate participants in City Venture include Control Data, Reynolds Metals, Dayton-Hudson, Honeywell, St. Paul Companies, Northwest Bancorporation, First Bank

System, Minneapolis Star and Tribune Company and Medtronic. Small organizations include a construction company and an architectural firm. Last, but not least, are the American Lutheran Church and the United Church of Christ.

More specifically, City Venture plans and manages the implementation of innovative and comprehensive programs for both the revitalization of existing urban areas and for creating new cities.

The approach mandates that any plan for building and restoring a community must be based on meeting residents' needs for high quality, accessible and affordable education and training, and, even more important, decent jobs. Under this approach, small enterprises are a major source of jobs, as well as an important means for building, rebuilding and maintaining housing and commercial centers. Small businesses also participate in providing health care, education and other social services, as well as food production, processing and distribution, and waste recycling.

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City Venture is two years old, but in that time contracts have been obtained for projects in Minneapolis, Toledo, Philadelphia, Baltimore, St. Paul and Miami.

To give you some indication of the impact of a typical City Venture project, let me quote from a recent speech by Mr. George Haigh, CEO of Toledo Trust Inc., and one of the leaders responsible for the effort to revitalize the Warren-Sherman area in Toledo.

"The project began with a neighborhood that suffered unemployment in excess of 32 percent; inadequate, run-down housing; low household incomes; inadequate shopping; lack of small business; and lack of recreational facilities. Crime, arson, and pride-sapping neighborhood decay were all too evident.

"Using City Venture, a Minneapolis-based corporation, as a catalyst and gaining the trust and active decision-making involvement of neighborhood people, neighborhood organizations, the City of Toledo, and several private businesses, a unique program began to rapidly take shape. Not a program featuring handouts, but, rather, one that would provide improved neighborhood housing, training and education for hundreds, over a thousand additional neighborhood jobs, a

new business and technology center to help minority business, a new shopping center, new parks for recreational use -- and the list goes on. Most importantly, however, is that these programs are all investments that are aimed at producing profit for the private sector, pride for the neighborhood and real opportunities for people."

The Toledo experience is duplicated in other locations in which City Venture is operating, and there is already a sizeable backlog of other cities wishing to be served.

RURAL VENTURE: The societal need for rural development has also been approached through the formation of Rural Venture, Inc., a consortium which is the counterpart of City Venture. The participants include businesses, church organizations, farm cooperatives and foundations. One of the main objectives of Rural Venture is to improve the viability of small family farms and small-scale food processing.

It is now evident that with proper selection and application of existing and emerging technologies, and with adequate ongoing R&D, small family farms and food processing operations can reduce the cost of food, make a significant contribution to food production, do it in more environmentally protective ways and provide a decent living for the operators.

Computer technology is the centerpiece of the strategy to accomplish these objectives. A data bank is being assembled of agricultural technology and computer-based education courseware written through cooperative efforts with some 15 universities and other organizations. Priority is given technology consistent with high production per acre, low capital investment and decreased consumption of fossil fuels. Computer-optimized selections of crop, livestock, equipment and other technologies are made for each small farm. A full range of computer-based education and training will enable individual farmers to efficiently apply the technologies.

Rural Venture is making splendid progress having received a number of significant contracts including those from the state of Virginia and a Native American Alaska development corporation. The Virginia contract's objective is preparation of a holistic development plan for a region of 10 low-income counties. The first effort under the Alaskan contract is preparation of a similar plan to establish a new native village in an area above the Arctic Circle. A major source of livelihood will be small-scale arctic farming and food processing. Work has already commenced in clearing land and making the most appropriate crop selections. You will hear a great deal more about Rural Venture as time goes on.

OTHER COMPANIES

There are additional Control Data programs in the fields of health care and energy that could be cited. However, Control Data's approach has

been adequately reviewed, so I will move on to comment on similar activities by other organizations.

At the head of the list is, of course, those organizations participating in City Venture and Rural Venture. While the investment by any one of the large companies is very small relative to total assets, there is a growing interest and commitment. For the large companies, the profits earned by City Venture will be of much less significance than the business opportunities for them that will arise out of implementation of the projects for their existing offerings and visibility gained in markets for new products and services.

COMPCARE: An example of an initiative by an individual company is Comprehensive Care Corporation. COMPCARE is a medium-sized company dedicated primarily to the development and application of advanced technology for the treatment of alcoholism, an illness affecting an estimated 17 million Americans. COMPCARE presently treats about 30,000 patients a year, and the number is expected to increase sharply next year. Since 1975, the company has had consistent earnings growth and has a present return on equity of 35 percent.

PILKINGTON BROS.: A second example is the effort by Pilkington Bros., U.K., the world's largest glass manufacturer. Due to automation, employment by that company has been steadily decreasing. To help offset the loss of jobs in the community where a major plant is located, the company has provided three-fourths of the \$4 million in capital for a seed-capital company to help small enterprise get started and create jobs for displaced workers. The company also provides management assistance.

A third example is IBM's establishment of a new manufacturing plant in the Bedford-Stuyvesant poverty-stricken area of Brooklyn. Similarly, Lockheed successfully operates a plant in the poverty-stricken Watts area of Los Angeles.

Other examples of successful undertakings can be cited. However, if all were enumerated, the aggregate would be far short of what is needed. But the other side of the coin merits examination as well, where failure to address societal needs has been costly. This is most dramatically illustrated by the disaster in the U.S. automobile industry, which resulted from mainly addressing perceived wants by manufacturing large cars as opposed to the need for smaller more fuel-efficient vehicles.

WIDER ADOPTION

Given the massive, growing and yet relatively unattended societal needs that threaten the very fibre of our free enterprise system, how are the barriers to progress to be removed or surmounted?

BIG BUSINESS: More specifically in big business, how is management

to be stimulated to take the initiative and in the process benefit from the enormous business potential?

Based on my experience in promoting investments in City Venture and Rural Venture, the awakening process will be slow and difficult. I have personally met with over 100 chief executives. Less than 15 percent invested, and I would estimate that about one-third of the investors participated because of a sense of social responsibility, or because they didn't want to miss out on a good thing in the event that the program was highly successful. Thus, less than 10 percent came in because they thought it was not only the right thing to do societally, but also a potentially good investment. At the same time, I know that many of those who did invest took a lot of heat from cautious internal critics.

It wasn't a matter of a huge investment where failure could cause serious problems, because the total amount of the investment in City Venture, for example, represented less than one-hundredth of one percent of the total assets of the investing companies or, looked at another way, less than two-tenths of one percent of current before-tax profits.

Obviously then, the size of the investment wasn't a barrier in the risk-taking sense, except where the perception was one of being philanthropically right rather than being sound business. When this occurred, the next step was to place the final decision in the philanthropy queue. City Venture or Rural Venture, being late arrivals in an already overcrowded line, usually received the response, "Sorry, but the contribution budget for the year has been exhausted."

In spite of the many discouraging experiences in promoting City Venture and Rural Venture, I can sense a change to the extent of more willingness to consider participation, especially by those companies most active with social responsibility programs.

DEMONSTRABLE SUCCESS: The greatest catalyst for the removal of these barriers will be demonstrated success on a substantial scale. This has already occurred with Control Data's inner city plants and will occur within a few years with a number of additional Control Data projects and in City Venture and Rural Venture.

The growing success on a significant scale of government-industry cooperation and investment in a number of industries by overseas governments is certainly relevant and should get increased attention in this country.

Here I am talking about Japan with the close collaboration there between industry and government in many industries including steel, automobile, computers and communications. France has made huge investments in the state-owned automobile manufacturer, Renault, and in the nuclear breeder reactor. The French are predicting that

they will become the world's second largest producer of automobiles after Japan, and the U.S. third. The French are also expecting to be the dominant supplier of nuclear power reactors. Whether their predictions will prove correct is not material. The point is that these countries have made great progress in those fields and will severely cut into U.S. world market shares.

U.S. GOVERNMENT: It should be made clear that I am not advocating investment in private business by our government, nor huge increases in federal budgets to finance industrial R&D. The present level of spending for economic and social development in the U.S. appears adequate at the present time if, as emphasized earlier, it is leveraged by private-sector initiatives providing more creative and effective solutions and follow-up investment of private funds after feasibility has been established.

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But availability of appropriate government funding is not adequate by itself to attract the needed corporate commitment given the long-term payout and the current pressures for short-term earnings improvement. What is needed is legislation to provide financial incentives, possibly through tax credits. For example, capital investment tax credit for the full amount of the initial investment should be provided to encourage the formation of consortia to address unmet major needs and investment in seed-capital companies to finance the startup of small companies undertaking high-risk technological innovations. There are additional alternative actions that could be mentioned. However, those cited adequately illustrate the type of incentives needed.

INVESTORS: Investors, especially institutional investors, obviously can play a crucial role in encouraging and supporting corporate management to address unmet societal needs as business opportunities. Institutional investors should formulate revised Prudent Man or prudence guidelines for investment in innovation responsive to societal needs. Some legislative changes may be needed. Those revised rules should favor investment in those corporations that most closely follow the guidelines with a gradually increasing percentage of investable funds. Perhaps a reasonable startup point could be five percent which would increase one point a year.

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The guidelines would encourage the usual type of social responsibility actions by corporations plus a gradually increasing amount of corporate before-tax income committed to innovation for addressing unmet societal needs. Perhaps a reasonable startup point is two to three percent before-tax income. Even at this low level, if widely adopted, for example, by the Fortune 1,000 companies, over \$2 billion would be available for unmet needs and would represent a meaningful start.

The case for a revised Prudent Man rule is compelling, considering that continuing to leave major unmet societal needs relatively unattended will have a basic and adverse effect on our political and economic system.

Keep in mind that the Prudent Man rule is judged after the fact with the benefit of hindsight. Certainly, there are fiduciaries, proud of their prudence, who may regard it far-fetched to address major unmet societal needs as profitable opportunities. As long as unmet needs are threatening our economic and political system, and they continue to invest as usual, history will certainly judge them as having not only acted imprudently, but their actions will look ridiculous. While no one can predict the judgment of history, I am confident my statement has visionary reality and enough substance to be asserted given present trends.

EDUCATION: The educational establishment also has important responsibilities in stimulating innovative responses to needs. For example, business schools can provide the most immediate positive thrust toward constructive change by getting creative for a change. They need to devise and teach a method of strategic planning based on meeting societal needs where the conventional investment return calculation is never applied in the decision stage, because there are too

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many untested albeit rational assumptions — a principal one being that astute management can achieve the objectives. This approach as opposed to the present unimaginative and nearly universal one of applying the return-on-investment calculation predictively in the decision stage. The return-on-investment approach guarantees that long-range, complex and creative programs required to address major unmet needs will automatically be killed. The dominant survivors in this game are projects aimed at improvements in existing products and services.

FOUNDATIONS: There are other changes called for in academia that could be discussed. However, I will move on to change needed in foundations. A good place for foundations to start is to work more closely with business. Today, any meaningful association with a for-profit endeavor is anathema to foundations because of some combination of fear of losing non-profit status or distaste for profit-seeking enterprise, or concern that their carefully nurtured image of impeccable integrity and lofty ideals will become tarnished.

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As a consequence, most foundation-sponsored projects are too small and address symptoms, not the root causes, of major societal problems. Such fragmentation results in temporary benefits whereas, if the enormous resources of foundations were pooled with those of business in major cooperative programs, lasting results would be obtained.

On the investment side, there is the problem of no-risk, short-term payout policies mentioned earlier. It would seem that, as a minimum, foundations could allot 10 percent of investable funds in companies with a strategy of addressing major needs. In due course, the wisdom of such a policy would eventually be proven without exceeding the level of tolerable risks. Once proven, the level of such investments would automatically increase.

CHURCH: Reactionary stances also pervade most religious organizations. For one, there is a penchant to criticize, without offering a real-

istic solution, and to remain on the sidelines relatively uninvolved in helping to address major needs. Yet there are a few exceptions as attested to by participation in City Venture and Rural Venture.

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In addition, the Catholic Church in the Midwest has been studying the causes of the declining number of small family farms and advocating measures to reverse the trend and, at the same time, achieve more environmentally protective and efficient means of increasing food production at lower cost. Part of the effort to gain support for the measures is the wide distribution of a position paper entitled, “Strangers and Guests: Toward Community in the Heartland.”

The actions of the American Lutheran Church and the United Church of Christ in joining City Venture and the Catholic Church in joining Rural Venture and backing measures to support small farms are highly exemplary, and I believe the vanguard of a growing trend.

CONCLUSION

In concluding, I will simply reemphasize that innovation responsive to major, unmet societal needs is not something separate from or in addition to the traditional course of business. Instead, it is an essential part of management’s obligation to maintain the health and continued economic viability of the enterprise. And in our increasingly complex society, unmet societal needs are the sources of some of the most

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profitable and enduring business opportunities. Furthermore, the large-scale cooperation with government and other sectors, which is required to address these needs, should be widely adopted as normal business

procedures in order to make better use of existing resources for whatever purpose. This will help subdue inflation as well as to improve our competitive position in world markets, especially with respect to those companies closely allied with their governments.

Those are actions of the Prudent Man who, given that course, will once again prevail as he has during past centuries of business history.