



European Economic Summit

18 – 20 September 2014

Economics of Mutuality

Transitioning from profit maximization to holistic value optimization

Bruno Roche



What is the right level of profit ?



Not a new question

“A man may give freely, and still his wealth will be increased; and another may keep back more than is right, but only comes to be in need”

King Solomon 950 BC



Responded in a particular way over the last 40 years

“The sole Social Responsibility of business is to increase its profits”

Milton Friedman

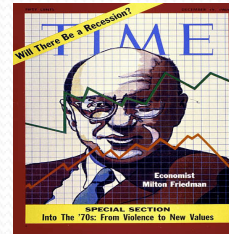
2007

What should be the right level of profit ?



Initial Findings

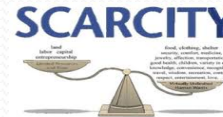
- Is there a relationship between profit and growth ?
- Over what time scale ?



Over the last 50 years

- Chicago School has prevailed
- Focus on capital gains vs. value creation
- Is this a natural law ?

'you only manage what you measure'



New forms of scarcity (planet, people, shared value)

Economics is the management of scarcities

2009

Economic history over the last thousand years shows that sustainable prosperity is based upon three factors

‘you only manage what you measure’

1. The **Planet** that provides
2. The **People** who transform
3. The **Capital** that ensures the liquidity in the system



Equally important but not equally remunerated

‘you only manage what you measure’

The Jubilee, Leviticus 25

A common remuneration & redemption framework



A shabbat for the **People**

Every 7 days

A shabbat for the **Land**

Every 7 years

A shabbat for the **Capital**

Every $7 \times 7 = 49$ years

Shabbat, Shekel, Shalom ... new forms of remuneration

“Follow my decrees and be careful to obey my laws, and you will live safely in the land. Then the land will yield its fruit, and you will eat your fill and live there in safety”

Lev 25 v 18

2009

'you only manage what you measure'



- Multidisciplinary approach
- Many academic institutions
- Multiyear time horizon

**BUSINESS
CASE
STUDY**

Two breakthrough results

1

Codification in simple business terms (stable & actionable), across the value chain

- **Human** Capital
- **Social** Capital
- **Natural** Capital
- Shared **Financial** Capital

2

**Proven
Impact of**



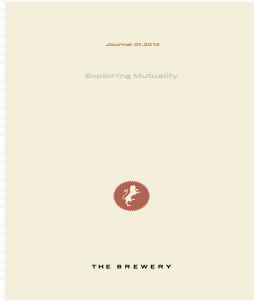
Human Capital
Social Capital
Natural Capital
... on **business performance**

An **inclusive business model** approach is possible with Mutuality at the core
– based on modified **metrics & management practices**

2012

2013

2014



The Brewery: a **public commitment by Mars** to promote **Mutuality**

A new business model approach centered on Mutuality

Launch of a multiyear partnership with Oxford Said Business School

- Ownership structures & Governance
- Performance Metrics
- Management Practices



2015-16-17



Questions ?