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Quakers & Business: the rise, fall and future

Dr Nicholas Burton
Dr Alex Hope

The project

- Our response to the concern for a “New Economy”

http://www.quaker.org.uk/our-work/economic-justice/new-economy

- Project kindly funded by QPSW and Quakers in Yorkshire

Who am I?

- Member Pickering & Hull AM
- Deputy Clerk, Malton LM
- Senior Lecturer, Strategy and Corporate Responsibility, Northumbria University
- Convenor of Spirituality in Management & Law research group and Academic Working Group at Q&B
- Associate Tutor, Woodbrooke
- Management Committee, Quakers & Business (qandb.org)
- Director & Trustee, Bootham School

What I'll cover in the first half

- Who were the Quakers in business?
- Some reasons why Quakers were so successful in business
- Some reasons why Quaker businesses disappeared
- The impact of the corporate law 'shocks' of the mid-nineteenth century

What Alex and I will cover in the second half

- Lessons: Corporate governance matters – Nic
- Lessons: networks and movements matter – Alex
- Lessons: values matter – Alex
- Lessons: Business models matter – Alex

Who were the Quakers in business?

- **Accounting** Price Waterhouse (1865)
- **Banking** Barclays (1690), Lloyds (1765), Guerney (1775)
- **Biscuits** Huntley & Palmer (1822), Carr (1831), Jacobs (1851)
- **Brewing** Truman & Hanbury (1781), Young & Co. (1831), Burton (1842)
- **Chemicals** Allen & Hanbury (1715), Crosfields (1814), Reckitt (1840), Albright & Wilson (1856)
- **Chocolate** Fry's (1761), Huntley & Palmers (1822) , Cadbury (1824), Rowntree (1862)
- **Clockmaking** Tompion (1670), Quare (1671), Graham (1738), Huntsman (1740)

Who were the Quakers in business?

Glass Waterford Crystal (1783)
Engineering Ransomes (1789), Baker Perkins (1878)
Life Insurance Friends Provident (1832)
Match manufacturing Bryant & May (1843)
Metals Bristol Brass Company (1702), London Lead Mining (1705), Rawlinson (1720), Huntsman (1740), Ransome (1789)
Newspapers News Chronicle (1855)
Paper & Packaging John Dickinson Stationary (1804), E.S. & A. Robinson (1844)
Pottery & China Cookworthy (1730), Champion (1773),
Retailing Laws Stores (1885)
Shoemakers C & J Clark (1825)
Shipbuilding Swan Hunter (1880)
Steelmaking Consett Iron Company (1864), Stewarts & Lloyds (1859)
Textiles Gurney (1683), Were (1686), Barclays (1690)

Who were the Quakers in business?

- "The laboratory of the industrial revolution" (Turnbull, 2014)

- Manufacturing, canals, railways…….

- But

- Overend & Gurney and the banking collapse of 1866
- Bryant & May – matchmakers strike 1888

Quaker initiatives

- **Marketing** Fixed prices; press advertising.
- **Operations** Vertical integration of extraction, production and distribution
- **Finance** Commercial paper
- **Employee relations** Adult education on company time; hot meals for employees; housing for employees to be purchased over time at cost and low interest rates; workers' hostels; pensions; pensions for widows; indexed pensions; free medical and dental services for employees
- **Governance** Functional department organisation; multidivisional organisation; participative management; consensus building; works councils; appeals committees; profit sharing; cooperative ownership; employee selection of managers.
- **Accounting** Formal accounting and auditing
- **R&D** Research & development departments; hiring of university professors as consultants.
- **Banking** Provincial Banking; the cheque; bills of exchange

Key reasons…values

- Trustworthiness and integrity
- Yeoman spirit
- Higher wages
- Employee welfare
- Supplier welfare
- Honesty – ie product marketing
- Philanthropy

Key reasons…corporate governance

- Partnership structure – the Quaker owner-manager
- Meeting oversight, self-regulation
- Decision-making
- Support and advice network – a watchful eye
- Roles (Elder/Overseer)
- BYM ‘advices’
- Avoidance of debt (and expulsion)
- Open book policy (surveillance?)
- Access to the ‘Quaker network’

Key reasons…the Quaker network

- Adam Smith “The Invisible Hand?”
- Family ties
- Geographical reach (national and international)
- Shared risk-taking
- “Internal” capital market
- Education and apprenticeships (barred from universities)

The decline?

- 1844 Joint Stock Act and 1856 Limited Liability Act
- Shareholder economy
- Separation of owner/manager
- Limited liability
- Impact on corporate governance
- Dilution of values

The decline?

- Joint Stock companies
- Examples - Reckitt's in 1888, Crosfield's in 1896, Rowntree's in 1897 and Cadbury in 1899
- Why? – Selection forces, access to capital markets

The decline?

- At the same time (broadly), the power of the Quaker networks were diminishing
  - Marrying-out
  - Declining membership
  - Freely available capital in the market
  - Seduction by capitalism

“Quaker” business

SCOTT BADER

Example of surviving "Quaker" business

- Scott Bader Commonwealth
- Founded in 1921, gifted to a trust with charitable objectives in 1951
- "Founded on the belief that a socially responsible undertaking cannot exist merely in its own interests. It is part of the whole national and international community and as such it has responsibilities which extend far beyond its factory walls"
- Common-ownership or 'trusteeship' was conceived "as an alternative to a war-based capitalist economy on the one hand and to communism on the other".

What can we learn from this?

- Corporate governance matters
- Networks/movements matter
- Values matter
- Business Models Matter

Corporate Governance Matters

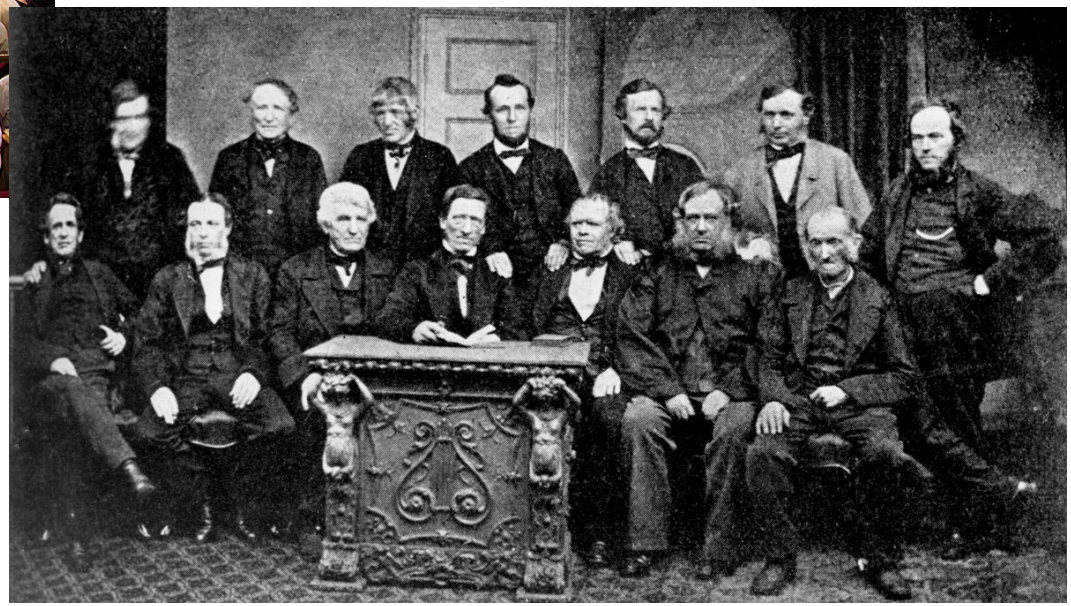
Corporate Law Matters

Who am I?

- Senior Lecturer, Business Ethics, Northumbria University
- Associate Lecturer, Environmental Management, Open University
- Co-Convenor of Responsible Business research group
- Steering Group member United Nations Responsible Management Education Initiative (UN PRME)
- NOT a Quaker….

Networks/Movements Matter

Quaker Business Meeting York



Rochdale Pioneers

Networks/Movements Matter

CONSCIOUS CAPITALISM®
UNITED KINGDOM CHAPTER

- Enterprises that choose to follow a business strategy, in which they seek to benefit both human beings and the environment.
- Pushes for "values-based" economic values where values represent social and environmental concerns at both global and local scales

FOUR PILLARS OF
Conscious Business

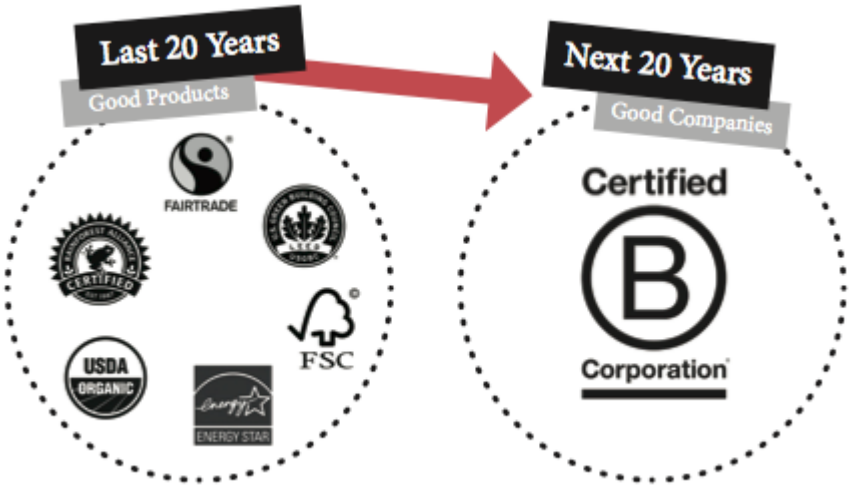
Networks/Movements Matter

B the change

PEOPLE USING BUSINESS AS A FORCE FOR GOOD

Certified B Corporation

- B Corporations are a movement to use business innovation as a means to make not only profit, but also help alleviate poverty, build stronger communities, improve the environment and great jobs with purpose
- 1,600 certified B Corps from 42 countries and over 120 industries



Networks/Movements Matter

UNITED NATIONS GLOBAL COMPACT

- An initiative which aims to assist companies in aligning their strategies and operations with universal principles on human rights, labour, environment and anti-corruption

- Launched in July 2000 the compact now boasts a membership of some 9,269 companies from 164 companies resulting in over 43,000 public reports from companies on their ethical, responsible and sustainable actions

Networks/Movements Matter

BUSINESS IN THE COMMUNITY

- Business-led charity presided over by HRH the Prince of Wales
- Membership of the core network stands at over 800 companies who engage with thousands more organisations to work collaboratively on economic, social and environmental issues

Values

Pioneering
- Being ambitious
- Thinking creatively
- Challenging the norm
- Leading through innovation

Passionate
- Leading by example
- Being proud of what we do
- Believing in the mission

Collaborative
- Seeking and sharing knowledge
- Listening to and valuing each others' contributions
- Recognising achievements
- Getting involved

Acting with integrity
- Respecting each other
- Respecting your commitments
- Being consistent and fair
- Being honest and transparent

Focused
- Moving together in one direction
- Delivering results to achieve our mission
- Staying (keeping) relevant to our mission
- Delivering excellence in all we do

Networks/Movements Matter

Movements of the past

- Often rooted in religion
- Driven by common interests
- Strong linkages between personal and corporate life
- Local/National/Concentrated

Contemporary Movements and Networks

- Mostly Secular
- Driven by diverse set of interests
- Weak links (if any) between personal and corporate life
- International/Globalised/Dispersed

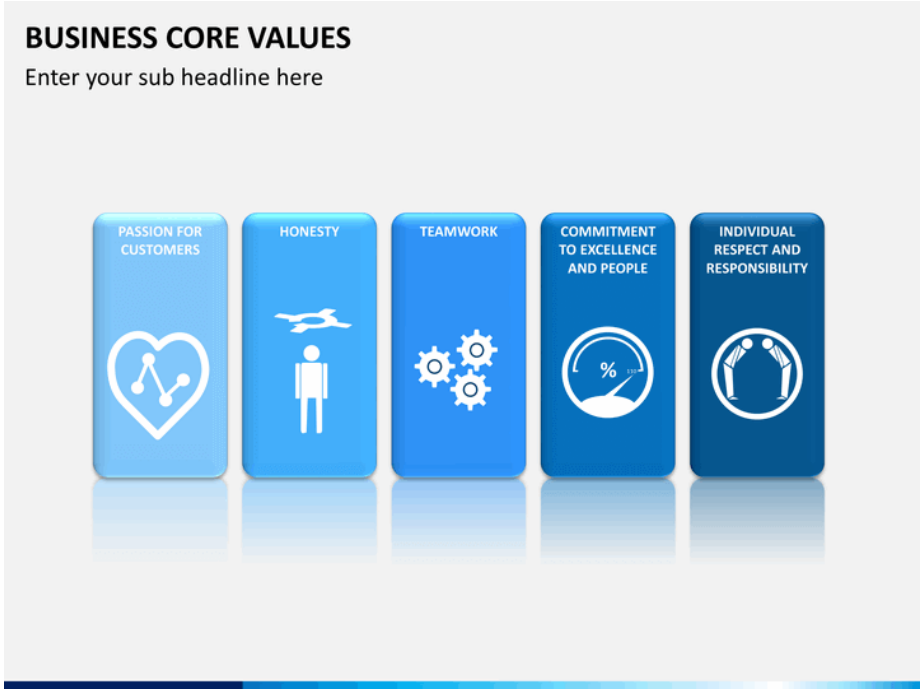
Values Matter

Quaker Values

Quaker Business Values

Values Matter

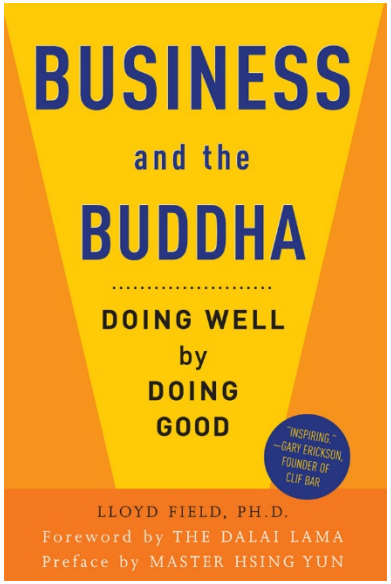
Too Generic?....



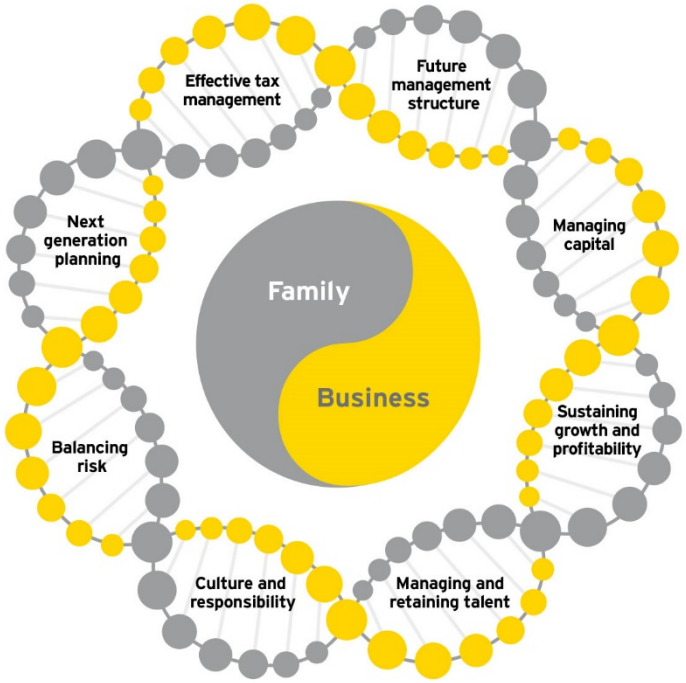
Where do contemporary business values come from?

Values Matter

CHRISTIAN BUSINESS ROUNDTABLE®

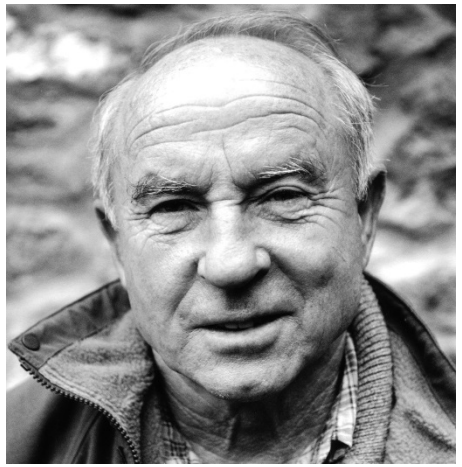


Values Matter



Values Matter

Enlightened CEOs?



Values Matter

Values of the past

- Often rooted in religion
- Driven by diverse common interests
- Strong linkages between personal and corporate values
- Local/National/Concentrated
- Driven by individuals

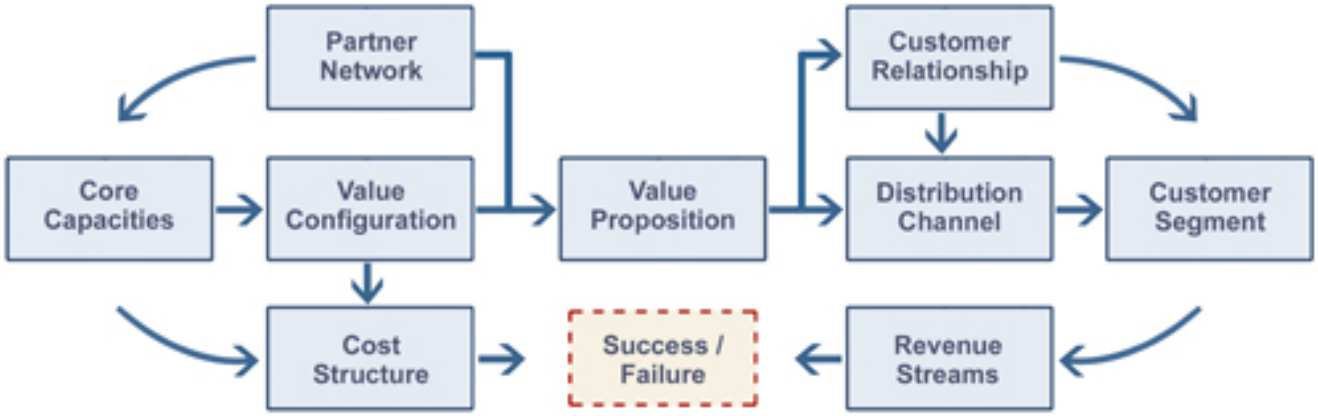
Contemporary Values

- Mostly Secular
- Driven by diverse set of interests
- Weak links (if any) between personal and corporate values
- International/Globalised/Dispersed
- Driven by range of individuals

Business Models Matter

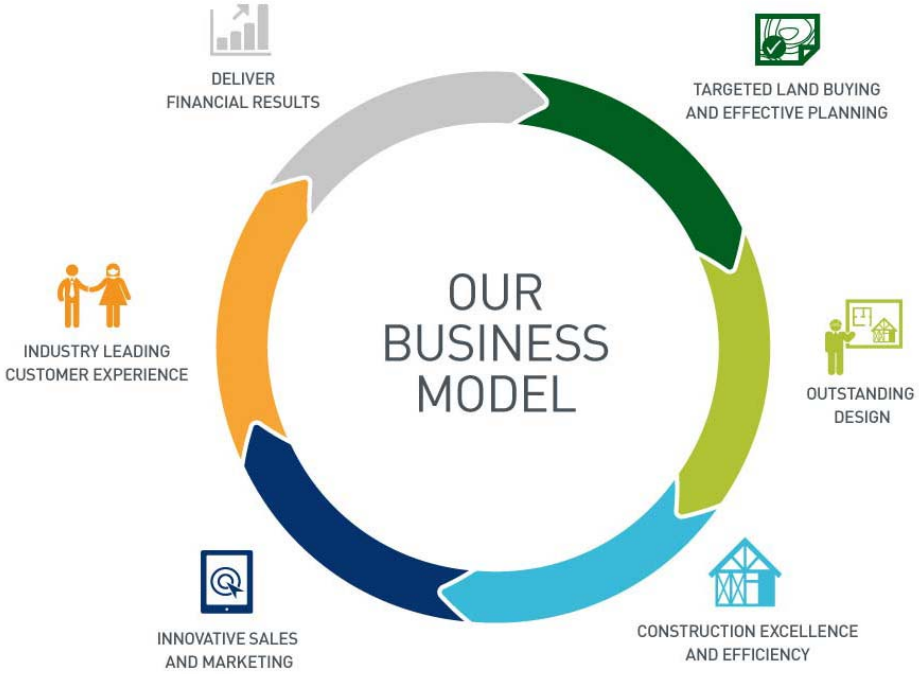
A business model describes the rationale of how an organization creates, delivers, and captures value

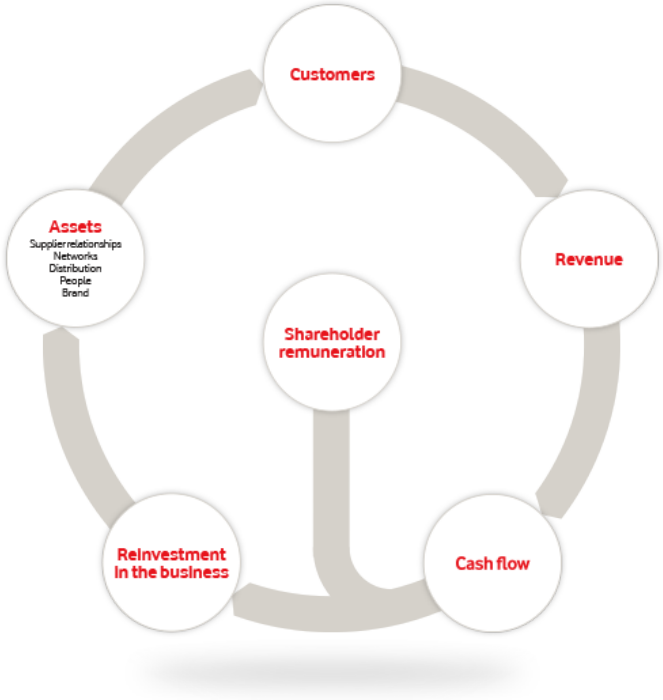
The process of business model construction is part of business strategy.



Business Models Matter

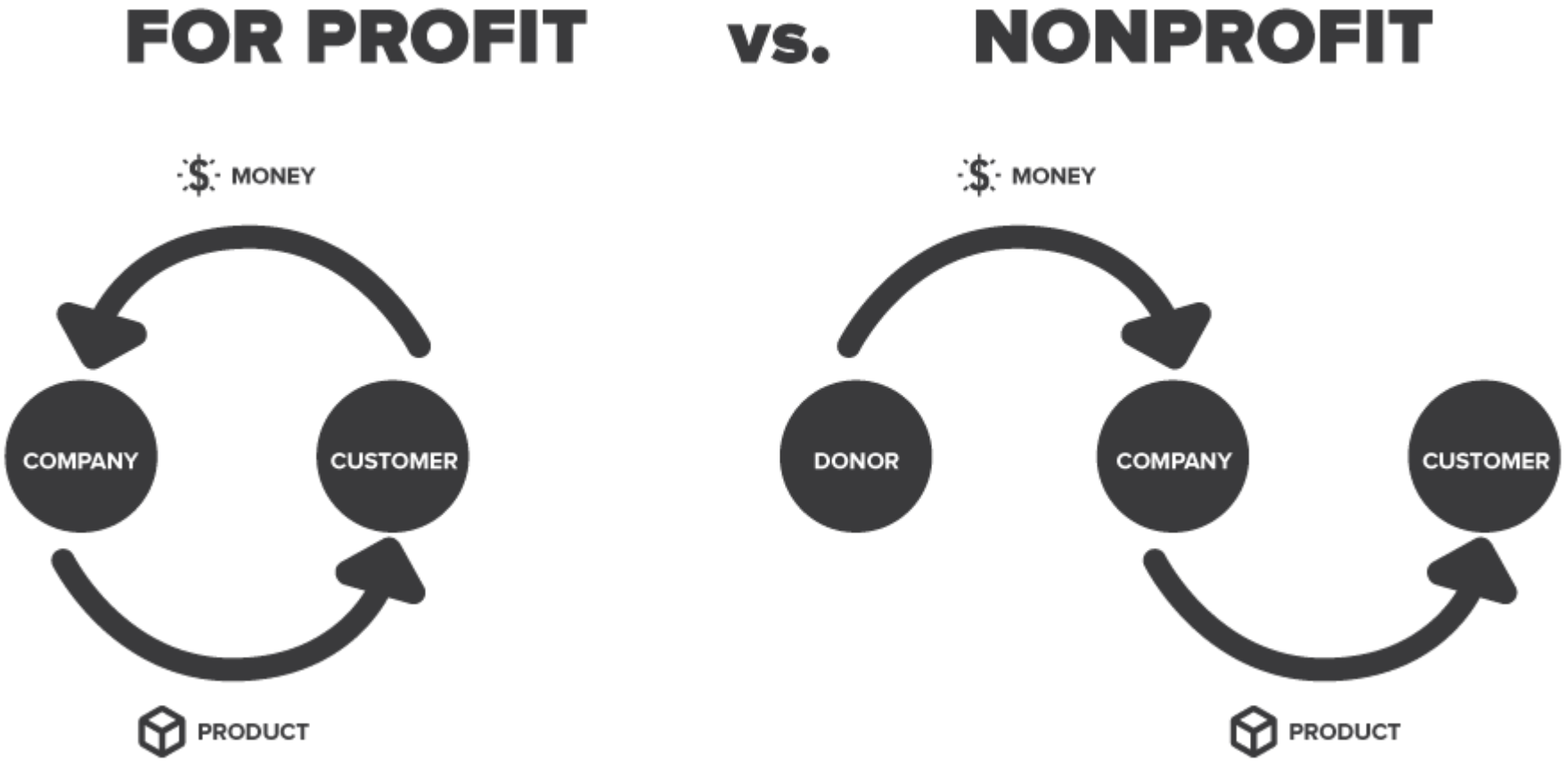
Traditional For Profit Business Model





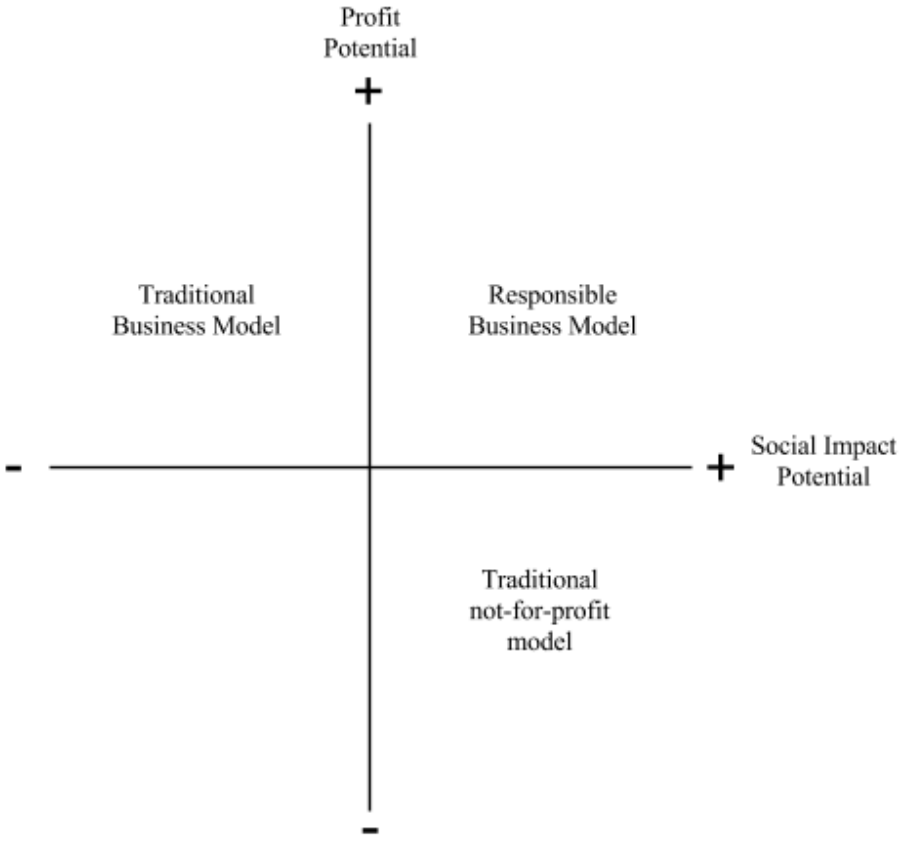
Business Models Matter

Traditional Non-Profit Business Model

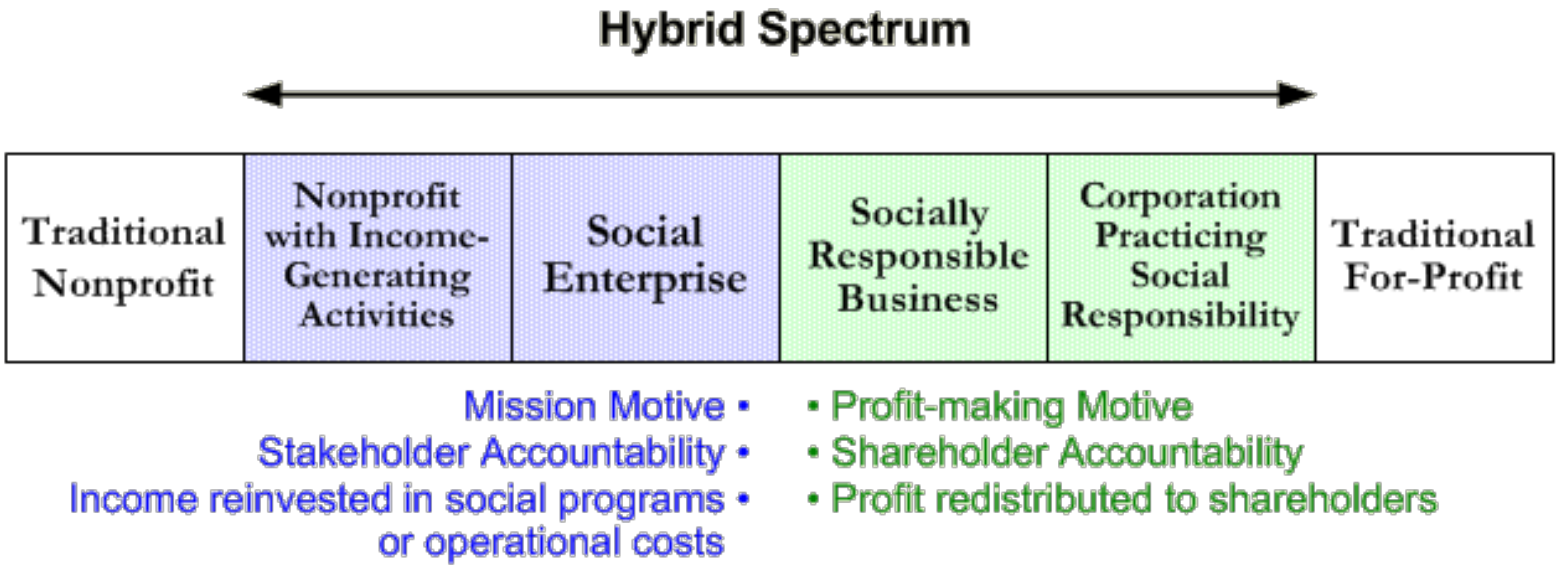


Business Models Matter

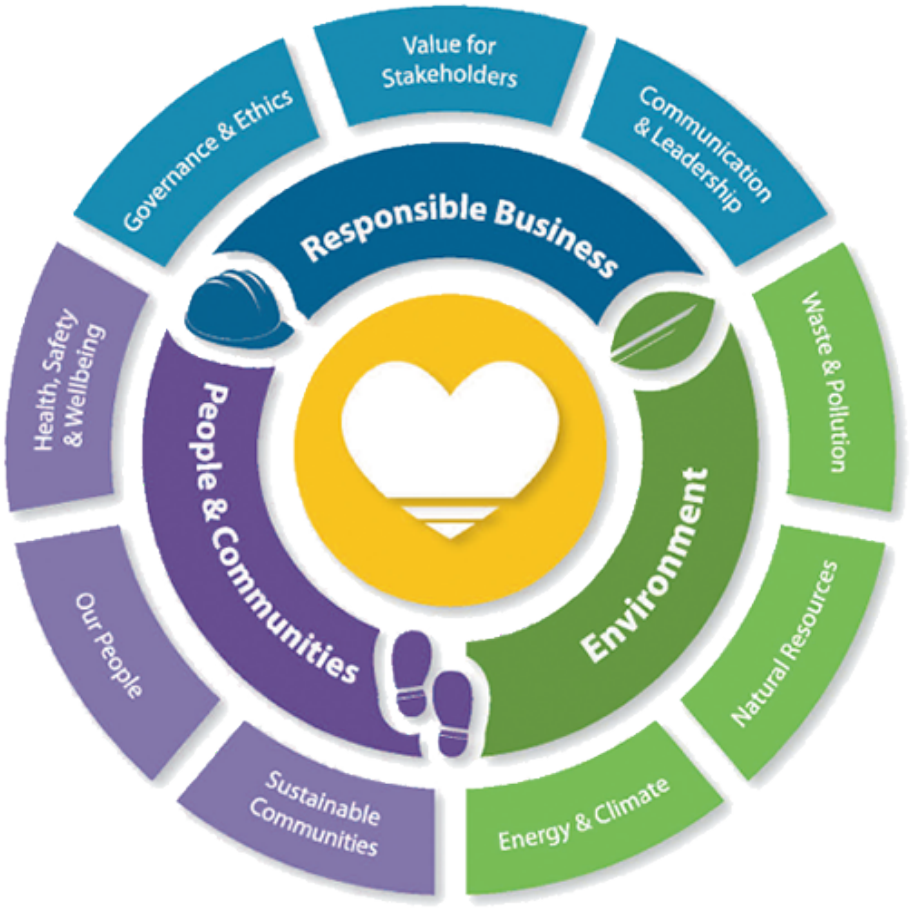
The Responsible Business Model domain



Business Models Matter



Business Models Matter



Business Models Matter

The Quaker business model

Company Goals

Renewal

- Improve on Overall operational efficiency and effectiveness.
- Build and Expand nutrition business
- Increase availability of macro snack
- Creativity Focus

Sustainability

Create a positive business environment though honesty, integrity and fairness

Responsible Corporate citizenship

Improve aspects of the world :

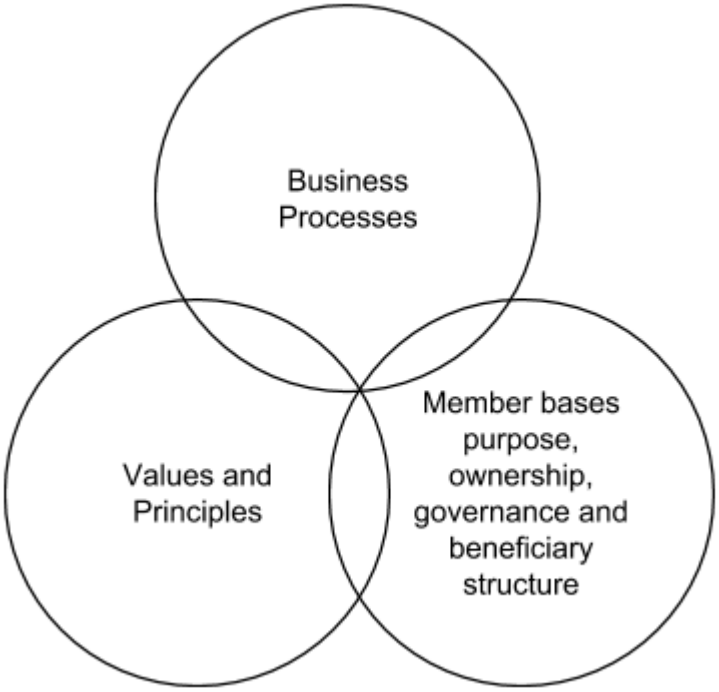
- *Environment*
- *Economic*
- *Social*

Growth

- Long term growth and profitability
- Productivity Focus
- Simplification of decision making
- Efficiency of financial management
- Maintain a good reputation
- Reach out & engage with consumers
- Incorporate technology in all aspects of company
- Build relationships with other business that focus on nutrition
- Position company for future growth

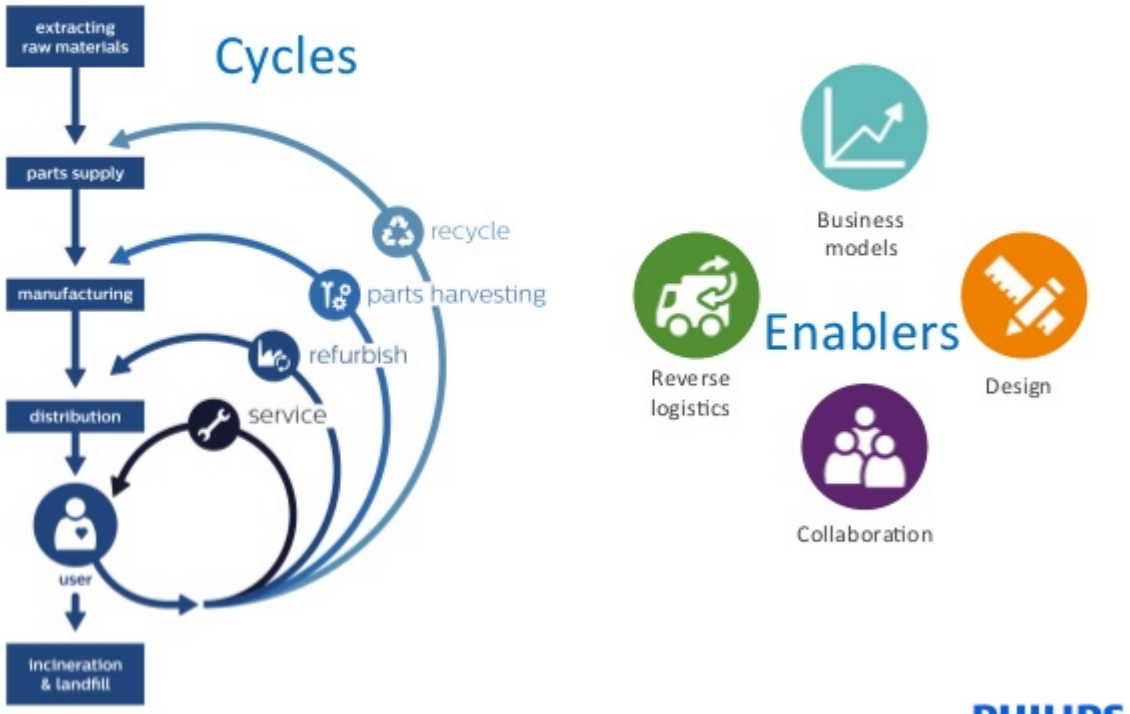
Business Models Matter

The cooperative business model



Business Models Matter

Circular Economy Business Models



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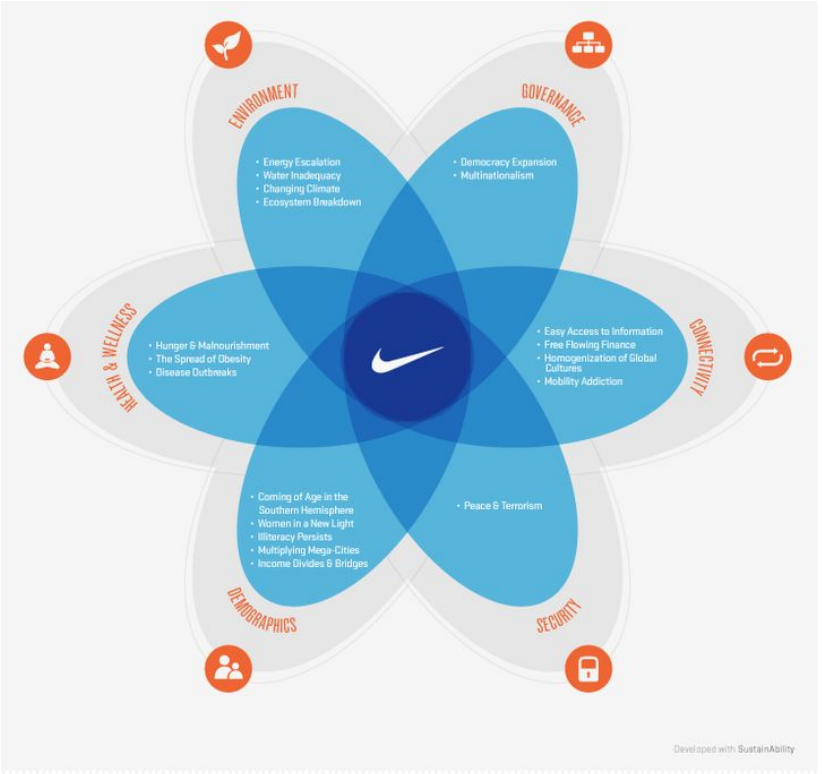
Business Models Matter

Unilever

Business Model Innovators



Conclusions

We can learn much from Quaker Business of the past.

- Corporate governance matters
- Networks/movements matter
- Values matter
- Business Models Matter more than ever…

How can we adapt these lessons for future business