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Inspired Capital

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Synopsis of the Inspired Capital Index and System for Corporate Performance Measurement and Transformation

The worldwide economic **recession**, the **collapse of many financial institutions** around the world and their **multi-billion dollar bailouts** in the last few years are all symptoms of the decline of the industrial-age version of capitalism that created them and its rapid worldwide evolution into a new and vastly superior version of capitalism. **Climate change and environmental destruction** caused largely by the industrial societies that have come to dominate the world in the last two hundred years have added to these economic shifts to have a big impact on societies around the world, causing many individuals in organisations to wonder **what these changes mean for their organisation** and the way it operates in this new environment in which the **principles and rules of the industrial-age system they are familiar with no longer seem to be working**. Many of these people can see that the way the system works and the way their organisation operates within this system is not sustainable in the long term, but very few can see how to move forward and create a new system that is sustainable and will address many of the problems of the old system.

This is because a fundamentally **new paradigm**, which is a **theoretical framework or model for understanding**, is required to understand how to solve the problems we have created as a society through our adherence to the principles and practices of industrial-age capitalism. Albert Einstein stated this very eloquently when he wrote: **"The significant problems we face cannot be solved at the same level of thinking we were at when we created them."** What is required is **a new definition of what wealth is not limited to money and the purely financial capital** that is the bottom-line measure of performance in industrial-age organisations and the raison d'etre for their existence, as well as a **new way of measuring wealth** based on a more **inclusive or integral perception of the world**.

Lifebuild, which is the short name for the **'Movement for Building Life, Lives and Whole Wealth Worldwide'**, a **voluntary association not for gain** whose mission is to **empower and inspire individuals and organisations to transform themselves** and **experience a happier, healthier, more meaningful and more productive existence** as a result, has created a **unique performance metric** called the **Inspired Capital Index (ICI)** that measures the extent to which an organisation creates **'Inspired Capital'**. **Inspired Capital** is the extent to which an organisation creates **true wealth**, which is what results in a **better quality of life** for its **customers, employees, stakeholders, partners, society** as a whole and **all other sentient life**. What is measured in an organisation is what is managed, so using the ICI performance measure throughout an organisation ensures that everyone in the organisation is aware of, and compensated and motivated by, the extent to which they are **acting in accordance with the organisation's collectively agreed positive values** that **align the organisation with its long-term vision ('Vision Values')**.

As part of the ICI implementation process within an organisation, the **unique culture of the organisation made up of the internally felt values and motivations of its employees** - its **cultural DNA** - is discovered and measured regularly in a numerical way using a **statistically rigorous process** that involves every employee in the organisation. Graphic art is used to **communicate what this cultural DNA is** effectively to the organisation's employees, customers, partners and stakeholders in a way that **helps them to connect emotionally with the organisation's values** and start to live them on a daily basis. The ICI system allows every person in an organisation to give **feedback on how they feel the organisation is living its 'Vision Values'** every month or quarter and enables managers to gauge **how well the whole organisation** and each **department, division, area, branch or other part** of the organisation **is living its espoused values** through the **behaviour** of employees and the **systems and processes** operating in the various parts of the organisation.

The ICI system also includes a sophisticated financial modeling tool called the Pinpoint Process that converts an organisation's long-term strategy into a detailed balance sheet and income statement for the next 10 years that look the same as a set of historical financial statements. This gives an organisation the benefit of having a **very accurate view of their future financial results based on the successful implementation of their strategic vision through the ICI system** so it is clear what the monetary benefit of implementing the ICI programme is. Research done by **Jim Collins** and Jerry Porras for their book **'Built to Last'** found that the share price of **'visionary' companies** that were **driven by a higher vision and purpose** than just making profit, as well as the values that supported this vision, **outperformed an ordinary fund** made up of the shares of many different companies by **more than 6 times** over a period of 64 years, proving that it **pays off handsomely in the long term when companies are driven by vision and values** rather than just the bottom line. In the words of the director of social responsibility of one such visionary company, Starbucks, who consistently pay double the ruling price for coffee beans to their suppliers in developing countries and build schools and clinics for the local communities in which their suppliers live**, "Doing well and doing good are not opposites, they're companions."**

Historical accounting is backward looking and in an environment of rapid change such as today's, predictions based on past performance in an environment that is very different from the past cannot be very accurate. The Pinpoint Process bridges the historical gap between the past results and the future predicted performance of organisations, helping organisations to have **greater certainty about the future financial outcomes of their decisions and actions** and to accurately **translate the non-financial ICI measure of performance into financial performance terms**.

At the dawn of the industrial age in Florence, Italy, the **system of double-entry accounting** that would become the standard performance measurement system for businesses over the next 500 years, was invented. Five hundred years later, we are clearly at the **beginning of a new era for humanity** where the

old ways of thinking and doing things, which include the traditional accounting system and the organisations dedicated to accumulating financial capital measured according to its dictates that it has spawned, will have to **evolve into new ways of thinking and new systems** for running organisations and society if we are to survive and progress as a species. The ICI system is just such a new system for measuring performance in organisations, the dominant institutions of today's society, as it has been consciously designed to be a system that will solve many of the problems created by the old industrial-age version of capitalism mentioned earlier and help to create a **better, more compassionate and sustainable society** based on **positive, life-building values**.

In summary, the ICI system **aligns the values and behaviour of individual employees** and the **collective values and systems of the organisation** with the organisation's **long-term strategic vision** to create an organisation that has a **laser-like focus on its vision** as well as the flexibility to adapt easily and quickly to rapid change to ensure it stays on track to achieve its vision. The ability to measure previously immeasurable factors like values, behaviour and the effectiveness of systems and processes in an organisation means that using this revolutionary system of performance measurement, **organisations can start to measure, manage and compensate people according to the true drivers of its financial performance** rather than the financial results themselves, which it has been consistently shown in studies are very poor motivators of better behaviour and performance in individuals working in organisations. The **higher level of positive motivation in employees** and their **increased alignment with the organisation's higher-order vision and values** that the ICI system will lead to can only result in the **improved financial performance** of the organisation and a **better society** in the long-term.

As already mentioned above, Lifebuild's vision is to be an agent and catalyst for the transformation of people, organisations and society as a whole into one that is **truly sustainable** and supports **'life, liberty and the pursuit of happiness'**, the original values that led to the founding of the United States of America, the country that has created the most wealth in human history in its relatively brief existence, but in which these higher order values have been corrupted by fear and greed in the last century. Lifebuild can assist any organisation with the implementation of this ICI programme through the **licensing of its intellectual property and consulting, training and coaching services**.

For more information about the ICI system and how it can help to take your organisation to the next level of performance and start building Inspired Capital and true wealth in the process, please contact **Jonathan Quail**, the CEO of Lifebuild and creator of the ICI system - his contact details follow below. We look forward to hearing from you soon!

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