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+ Mapping out the current landscape of Sustainability, Ethics and Good Business in Jersey.

## 2021 Jersey Good Business Charter Report

Our Sponsors



## *Executive Summary*

We hope you find this is a report quite unlike many you have been sent in the course of your work.

Every year executives will see a number of independent reports commissioned to examine a particular business issue, whether it be local or global; financial or technical; sector specific or general. There will be a familiar mix of analysis, data (both quantitative and qualitative), expert opinion and academic commentary. Usually there will be a list of recommendations. Regrettably, while these reports are often read with great interest, and intellectual stimulation, it is rare that those same reports, however worthy, lead to a change in the world.

This report aims to be different in a number of ways. You will already have noticed that it looks strikingly different and even feels a bit different in your hands. These sensations are intentional. You will also quite quickly see that the report includes more art than most business reports you will have received. Within the content of the report you will see that we have hosted a variety of voices from within the local business community and from academics and business leaders who know and love Jersey through their frequent visits. The final difference you will notice is that we have commissioned a local poet to reflect on the five key themes of the report.

So why? Are all these novel features simply a gimmick to make this report stand out among all the others that will hit your desk on the way to the bookshelf, or the recycling bin? Well, naturally you'd expect us to have a more substantive reason, and it is this. The topic of ethical business is one which calls for a more holistic treatment than the merely intellectual and strategic. What we think about business ethics is important – we don't want to be intellectually naïve about topics such as environmental sustainability, customer focus and employee engagement. But thinking well is not sufficient. Good ideas do not, in and of themselves, lead to good action.

Theories of change are being revised to take into account the advances in neuroscience over the past two decades. Sociological and philosophical research has also challenged the prior paradigm. A more nuanced theory of change acknowledges the aesthetic and emotive nature of collective behaviour as well as personal action.

So this report aims to appeal to the heart as well as the mind, to help business leaders grapple with the soulful issues of their organisation's purpose as well as the more intellectual determination of strategy and policy. We do not present this report just to inform. In the area of the contribution of business for the common good, the need is more urgent and more compelling than that. This report is presented to transform, and we invite you, and your colleagues to join others in the conversation that is taking Jersey to the next chapter in its evolution.

## Foreword

A message from the Chair of the Good Business Charter; Brendan McMahon.

The Jersey Good Business Charter is entering its fourth year and is growing in depth and impact. We are pleased to find more companies and business leaders wanting to engage seriously with the ethical dimension of modern business practice.

Environmental sustainability, customer excellence, local responsibility, employee engagement and fairness to suppliers all feature higher on the business agenda than at any time in the careers of those who are currently leading businesses in Jersey. It is also high on the government agenda with increasing commitments to provide the framework for ethical business for the common good. We also see the growing academic literature on good business being taken up by the media and by consulting practices, to help turn good theory into good practice.

While the level of attention that ethical issues in business are getting is relatively new, the deeper issue of what it actually means to be a good business has a long and useful heritage. From the days of Plato, Aristotle and Epicurus, it has been well understood that for commerce to be a force for good in the polis there needs to be a consideration of ethical intent (Plato), ethical process (Aristotle) and ethical outcome (Epicurus). This triad of factors held sway through into the modern era through the writings of, for example, Kant (ethical intent), Aquinas (ethical process) and Hume (ethical outcomes). It is only in perhaps the last couple of centuries that the focus on narrower corporate responsibilities has held such sway. This is a deviation from the historic tradition which is now, thankfully, showing signs of its twilight.

Progress in any of these dimensions is only made through relational communities. You cannot do this work on your own, and for the Charter it has been the conversation that has sustained the journey. When I think personally about the past three or four years, it has been the times of seriously talking through the tough questions that have been the most challenging and the most satisfying.

I should also make a remark into the current debate between a focus on ethical intent versus ethical outcomes. Of course it is a false dichotomy, but there is a world of difference between authentic resolved credible intention and the idea of 'greenwashing'. We are looking for signs of authentic intent. When we find them, the right thing to do is to celebrate that motive and to lend support and communal encouragement. Of course there is a time to challenge businesses to do more and faster, but challenging conversations are only really effective in a community of mutual improvement.

This book is a helpful guide to the road ahead for serious businesses in Jersey who wish to engage seriously with the most important questions of how business is to be a force for good in the world.




**Brendan McMahon was an audit partner 2018 within the PricewaterhouseCoopers Channel Islands financial services group and acted as senior partner (CEO) for the CI firm from 2013 to 2017. Between 2007 and 2012 Brendan was Global Investment Management Private Equity leader for the PwC Network. In addition to chairing the Board of Governors of the Jersey Good Business Charter, Brendan also chairs the Jersey Policy Forum.**



Ian Gorst is an elected member of the States Assembly of Jersey since 2005 and is currently the Minister for External Relations and Financial Services. He previously served as the Chief Minister of Jersey for two terms, from 2011 until 2018 and before then worked as an accountant. Senator Gorst is the Deputy Chair of Governors at Le Rocquier School, a member of Le Squez Youth Club Management Committee, and a member of NSPCC Pathways steering group.

## *Endorsement*

I have always believed that a strong and successful business sector is vital, if we want to see the whole of the Jersey community thriving and delivering an excellent standard of living to residents of our island. Businesses need to be strong because we know that the competitive environment is tough, not just in finance, but in tourism, agriculture and other parts of the economy.

And when I talk about businesses being successful, I'm not just talking about their financial success. I want Jersey businesses to be successful in all kinds of ways. Firstly, Jersey is proud to be a politically stable, well regulated, highly skilled place to do business. We know that the Island's international reputation is key to bringing in investment and we recognise that the reputation of every business based in Jersey contributes to that attractiveness.

But there is a more important reason. Citizenship isn't a battle between the public sector and the corporate sector - but a working partnership. Citizenship recognises that we are all in this together. Public and private sectors, adults and children, workers and the retired - and it is only when everyone does their part that the whole economy is healthy. So citizenship is a conversation about everyone taking responsibility for the kind of Island we want to be.

A business is good for Jersey if it is good for its shareholders by being financially successful. It is good for Jersey if it is good to its people, Jersey women and men who work hard to make a living for their families. It is good for Jersey if it is good to customers and suppliers, which is the bedrock of long term sustainable success in business. It is good for Jersey if it is well run, with good leaders, well thought-out policies and efficient processes. And a business is good for Jersey if it recognises that Jersey has provided it with the means to be successful and that recognition brings with it, at least, a moral obligation to play its part in the success of the whole society.

I know that there are many businesses in Jersey who are doing great things in the community, who are excellent role models for corporate citizenship and whose leaders are setting a great example. I also know, and if we are honest I think we all know, that we can go further. I don't want to see corporate citizenship as an add-on, a nice-to-do. I want to be part of a community which is united in supporting businesses to become all they can be - because that benefits us all.

I hope you enjoy reading this report, and supporting the work of the Jersey Good Business Charter in helping to make business good for Jersey.

*Ian Gorst*



Lisa Springate is the head of the Legal and Technical team at Jersey Finance. Prior to this, she was a partner in private practice, specialising in commercial litigation for over 25 years. She is Chair of the Institute of Directors (IoD) in Jersey, a member of the Board of The Good Business Charter, as well as a member of the Economic Council in Jersey.

## *Endorsement*

Directors of Jersey companies often feel a mixture of passion and pressure.

Passion for their product or service. Making good things that improve people's lives or delivering useful services that enable people to achieve their goals. Or passion for the business itself, building a great business can be tremendously exhilarating and rewarding. For some, its passion for the team they work with. When you have great colleagues, it is easier to try that little bit harder for the people alongside you. At IoD Jersey, we very much like to recognise inspirational and empowering leaders at our annual Director of the Year awards.

But most business leaders will also recognise that it's a role that comes with some unique pressures. To be the decision-maker when everyone is looking to you to make the right call. Or to be the one sounding the cautionary note when everyone is wanted to press ahead at full speed, that's a different pressure. Or the pressure to juggle the demands of the work and life balance. Sometimes the pressure comes from our own ambitions: to grow the business; to launch new products; to increase market share; to do better than last year. And sometimes the pressure comes from outside anything we thought of. Look at the unexpected challenges which businesses have faced with the global pandemic, which gave us a whole new vocabulary of social distancing, furlough, 'you're on mute', to name but a few.

Whilst there is so much more to being a director than pressure and passion, there's one other thought that this report has underlined for me. Directors exercise power. Being a director of a Jersey company is a power that comes with great responsibility and it's a power that brings great impact. Whether its impact upon the environment, power with people, empowering customers, power to suppliers or power in the community, being a director is an exercise of power that should provide us with pause for thought.

The excellent work of the Jersey Good Business Charter and the contents of this report are about how leaders of Jersey businesses use the power they have, as a power for good. I hope you enjoy it as much as I did.

*Lisa Springate*

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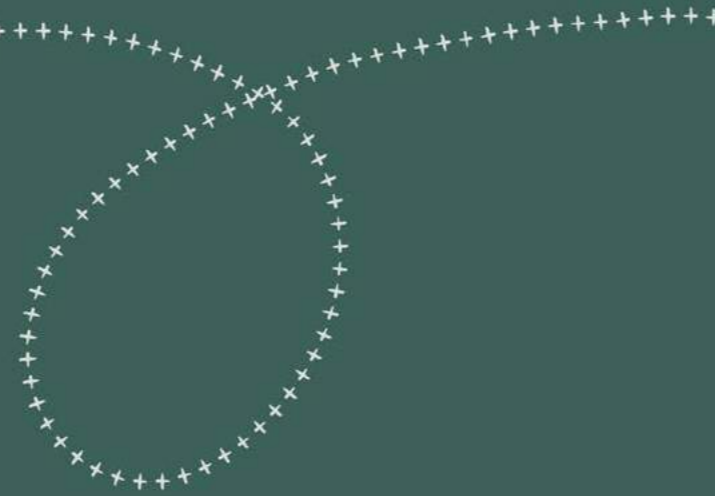


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**CUSTOMERS  
SUPPLIERS  
PEOPLE  
COMMUNITY  
ENVIRONMENT**



This is a report about assessing the state of business ethics in Jersey in 2021 and helping businesses on their ethical journey. But what are business ethics and how can businesses become intentionally more ethical?

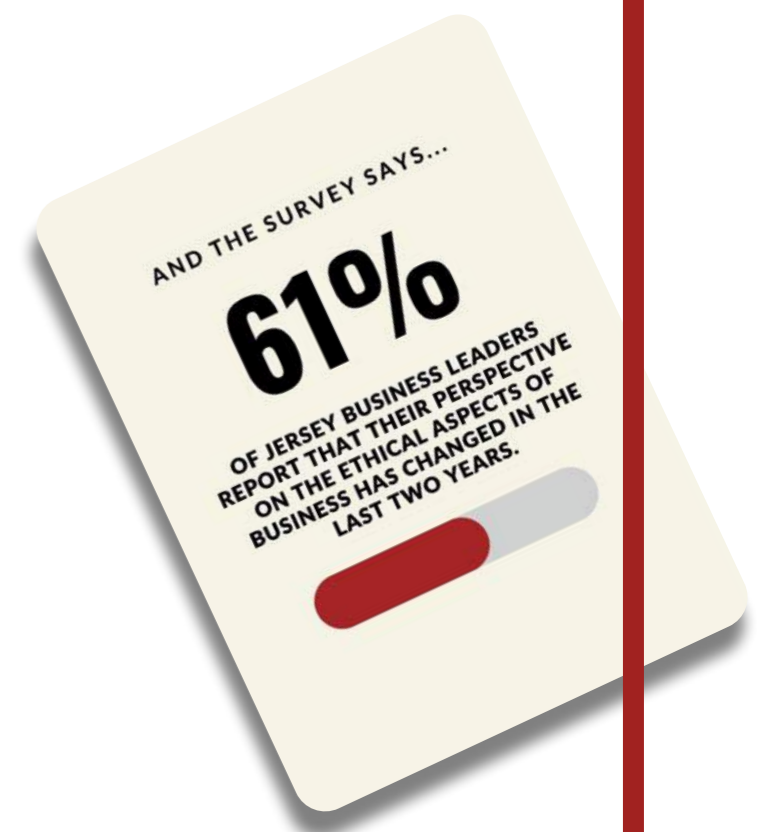
The Jersey Good Business Charter is a new charitable movement, formed to create a community of businesses and people who value the role of business as a force for good in the world, and to celebrate the progress being made by businesses in journey towards this end.

Whether you are an aspiring member of the Jersey Good Business Charter or just trying to be a more sustainable, responsible business, there are a number of important questions to consider and issues to reflect upon.

*What is Good*

# BUSINESS?

How do you lead your business along the good business journey?  
How can businesses be ethical?  
What are businesses for?



## + JUST SO WE'RE ON THE SAME PAGE



# WHAT WE TALK ABOUT WHEN WE TALK ABOUT ETHICS +

- + *What is a good business?  
How can businesses be ethical?  
What are businesses for?  
How do you lead your business along the good business journey?*

### How to engage with these questions

This whole topic is one of those in which there is no best place to start, as every issue in this field is interconnected and can be viewed through the lenses of philosophy, economics, law, accounting, psychology and others, which all give a different perspective. It is tempting to navigate the issue by exploring the extremes. It is easy to identify issues such as child slavery, supply chain exploitation, ecological degradation, zero-hours contracts, unsafe working practices, or misleading consumer communications to pick just a handful. So is the business ethics / good business agenda merely a case of avoiding these evils?

On the other hand, it may be equally misleading to look to extreme examples at the other end of the spectrum of all-employee ownership, business philanthropy, corporate civic engagement, high quality products, sustainable sourcing and fair trade. Is a business ethical or good if it can merely tick off three or four of these good outcomes?

Alternatively, there is the point of view that the ethics agenda should not really be about either of these things. A good business is not necessarily one that avoids recognised wrongs nor one that makes worthy achievements. In

this view, a good business is one whose internal processes are good. Business ethics in this view is about having codes of governance and strong processes to monitor compliance with them.

These divergent opinions are not new. They reflect a conversation that has actually been going on for thousands of years about ethics. Ethics can be about ethical outcomes, ethical practices, ethical intentions, or merely the avoidance of evil outcomes, practices or intentions. Different thinkers have sought to prioritise or combine one or more of these three. We will come on to the way the Good Business Charter has integrated these positions, but before we can do that, we need to take in the bigger picture.

### What is business for?

We can take a bigger view of this by considering the role of business in a democratic society. Businesses are given a number of privileges in law (such as limited liability, corporate personality, vicarious liability), and in return the community enjoys a number of benefits, such as opportunities for employment, taxation and economic growth.

Another way of looking at this is to consider that businesses benefit from social goods such as reliable transport networks, educated workforces, enforceable contracts, advanced telecommunications, public healthcare etc. All of these benefits are provided to businesses at no immediate cost, but they imply a reciprocal set of obligations; to obey laws and regulations, to pay taxes and duties, to produce good products and services which meet public needs and to act responsibly as corporate citizens.



# WHAT WE TALK ABOUT WHEN WE TALK ABOUT ETHICS

This is a contentious topic. The renowned economist Milton Friedman famously described the purpose of business as solely to make the maximum profit for its owners. "There is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud"<sup>1</sup>

Peter Drucker put it a different way;<sup>2</sup>

## A relational view of what business is for

Drucker's view takes us to a more nuanced picture. A business is not merely an asset in the hands of its owner. A business is a complex interaction between people in community. People as customers, people as suppliers, people as workers, people as investors, people as neighbours, people as victims, people as influencers, people as legislators and policy-makers.

In this analysis, a business is a good business if its relationships with these different stakeholders are good relationships, and a business is ethical if it deals fairly with all of those it is in relationship with.

The Jersey Good Business Charter places particular emphasis on five of these relationships. According to the Charter; business has great potential to be a force for good in the world, and a good business is one which is good to its Customers, its People, its Community, its Suppliers and the Environment.

This last stakeholder of the Environment can be seen in two ways. Some people value the Earth, and its animals and plants, as a non-human stakeholder in the social contract between business and the society which gave substance to it. Another way of looking at it, is to see the Environmental dimension as a proxy for another class of people – those generations yet unborn whose lives are impacted by the business' present activities. Whichever view you take, it is an important dimension if we are looking to create a holistic view of what a good business might be.

At the Charter, we appreciate that Business Ethics is a journey. And on that journey "good" is the whole road, not just the final destination. We therefore work with businesses at all stages of their evolution towards understanding themselves more consciously as ethical partners in a network of relationships. We can help businesses who have never consciously considered the ethical dimension of their work, and we can help businesses who already have sophisticated ethical policies and practices. We can help business start-ups to build their enterprise on ethical foundations and we can help long established businesses to pivot their stance onto a stronger philosophical stance. We can help with the formulation of ethical thinking and we can help with the evaluation of business impact for the good of different stakeholders.



## Good is the way we journey

In all of these ways we know that "good" is not a binary state. We don't believe that some businesses are good and some are not. (Although we do struggle sometimes to see the good in some sectors of the economy!) We believe that everything that human beings do, has the capacity for good to come of it. We also believe that everything that human beings try to do, they also mess up in various ways.

Instead of seeing "good" as a binary, and seeing our role as patrolling the border of good business, we see good as a direction. If good is a direction of travel then the worst and least ethical business can achieve a lot by turning around and heading in the direction of good business. If good is a direction of travel then some of the businesses with some great achievements and policies can still find themselves drifting into the wrong direction from time to time. If good is a direction and not a destination then good business is a continuing journey.

That might make good business sound a lot more challenging than simply installing a few CSR initiatives. It is. And it is all the more worthwhile for it.

## Sustaining your ethical journey

Business ethics is not a one-off project in which you identify your purpose, devise your strategy, modify your operations and align your comms. The good journey needs to be measured, checked and reviewed at every step. New decisions will have to be made, which were not in the scope of your original work. New crises and challenges will hit, which will test the robustness of your ethical commitments.

The solution to these challenges is relationships. Relationships enable participants to encourage and challenge one another. In relationship, you can be held to account and you can be reminded of your highest calling. The Good Business Charter is a community in which these relationships can grow for the long term.

And we'd love for you to be a part of the conversation.

+ ***"If we want to know what a business is, we have to start with its purpose. And the purpose must lie outside the business itself. In fact, it must lie in society, since a business enterprise is an organ of society. There is only one valid definition of business purpose: to create a customer. The customer is a foundation of a business and keeps it in existence. The customer alone gives employment. And it is to supply the customer that society entrusts wealth-producing resources to the business enterprise."***

<sup>1</sup> Friedman (1970) New York Times essay. See also the interesting short article by Makower (2006) at <https://www.greenbiz.com/article/milton-friedman-and-social-responsibility-business>

<sup>2</sup> Drucker (1954) The Practice of Management

GOOD IS NOT A  
DESTINATION, GOOD IS  
THE WAY WE JOURNEY

# THERE'S METHODOLOGY IN OUR MADNESS

## EARLY 2021

This report was commissioned in early 2021, while the global pandemic was still raging and Jersey was in a period of lockdown. The Jersey Good Business Charter had cancelled the majority of its 2020 events programme and was facing a further period of uncertain length without being able to come together in person as a community.

## THE PANDEMIC

That said, the pandemic was also a period of member businesses of putting their ethical aspirations into practice, under some of the most pressing circumstances, to deal with issues of safety, fairness and community support, during unprecedented uncertainties. Some of the inspiring stories of how member businesses put people, planet, community, customers and suppliers first will feature in further events and publications. The way the whole Jersey community; business, government and third sector pulled through is a testament to the reserves of ethical intent that have been built up in a small island community during times of plenty that helped see us through a time of exiguity.

## SPONSORSHIP

A number of business sponsors, including both members holding the charter mark and businesses which had not started their assessment process for membership were keen to support the work, both with financial underwriting and by providing thought leadership from their own story and their expertise.

## BUILDING BACK BETTER

The Governors of the Jersey Good Business Charter commissioned this report, as a contribution to the Island's widely held intention to "Build Back Better". The report was written in the shadow of a global viral crisis, but the intention was not to write a report that simply stood at a narrow point in time as a direct review of the pandemic and its aftermath. Instead, the Governors wanted a report that had a broader remit, to look at the whole of the way business was practised in Jersey, and to look further ahead than merely the recovery from conditions of lockdown.

## OUR RESEARCH JOURNEY

The research had three principal components. First, an electronic survey was published and promoted, attracting responses from 26 different industry sectors, and a broad range of business owners, directors, managers and employees. Second, a series of in-depth interviews were conducted (by Zoom) with both volunteer participants of the electronic survey and invited leaders of key Jersey businesses. Third, the business ethics consultancy ValueMetrix was engaged to provide expert in-depth and commentary from their experience of working with Jersey businesses and of engaging with the issues of sustainability and ethical transformation in the global literature. A number of academic and industry experts from ValueMetrix' global network of experts were also approached for thought-pieces related to the findings of the research, for which we again express our gratitude.

79.6% of survey respondents were directors, business owners, partners or senior managers.

## THE EXTRA MILE

But this report, as you have already seen, is not just another bundle of research, essays and case studies. The intellectual content is important, obviously, but to create real and lasting impact we know that the work has to appeal to the heart as well as the head. Or to put it another way, as human beings we need wisdom and inspiration as well as facts and theories. We are grateful to Unfold Media for the creative treatment that you see in front of you and to local artist Martha MacDonald for the original poetry that is interspersed among the graphs and articles.

# CONSIDER THIS A FIELD GUIDE

From the outset and initial planning for this report something became apparent.

We wanted to acknowledge that no business has got this 'down' - no one business has got sustainability covered and certainly no one business has mastered the ethical complexities of our time. However, it is clear that so many businesses believe it is an essential journey, are making strides forward and want to continue to do so!

**We are hearing, "We've got our walking boots on already, and compass in hand -we are on the journey!"**

Some may be working out a route, some have crossed terrains others yet haven't and some maybe stopping for a well earned rest and admiring the view. The point being, many Jersey businesses are on the journey to becoming better businesses and the hope **now** is that we can journey together - share our discoveries, warn of uneven ground, encourage, support and even point out picnic areas!

**We are on a good walk and of course good is not the destination but good is the way we journey.**

And so the design of this report has been inspired by the field guide. A field guide where we can read other stories, explore data received and make our own notes along the way. We hope this report doesn't just sit on a shelf but instead gets picked up during meetings, referenced, bookmarked, shared about and well frankly, we hope ends up full of sketched ideas, coffee rings and dog ears!



# OPEN HONEST PROACTIVE RELATIONSHIPS

*"I think the change coming is primarily being driven by consumer demand. Customers are looking at where businesses impact on the environment, where the company invests, their employments practices and where the labour comes from – these things are becoming major drivers for consumer choices. This is impacting board rooms decisions and not the other way around."*

CEO, Large Jersey Company

*Good for*

# CUSTOMERS

## + WHAT DOES GOOD LOOK LIKE FOR CUSTOMERS?

The Jersey Good Business Charter usually places being good to customers first among its five ways in which business can be a force for good. While this may, to an extent, be an artificial priority there are some good reasons for starting the journey with a focus on customers.

The great management guru Peter Drucker<sup>1</sup> famously said “the purpose of a business is to create a customer”.<sup>2</sup> There is more to this pithy aphorism than its brevity might immediately suggest. Of course, the purpose of business can, by its focus on transacting with customers be contrasted with other parts of the economy, such as governments, charities and families.

The importation of customer language into sectors such as government, healthcare and education may well have been well intentioned in hoping that by calling citizens, patients and pupils; “customers” it would raise standards of good service

and remind providers that they should not see themselves as in a dominant power relationship with the users of their services. So just as the first purpose of government is to protect citizens from harm, Drucker says that a business’s purpose is about providing something valuable to a customer, for which they will give their custom. In other words, a business creates value for people, who thereby create value for it by habitually coming back to do business again and again.

What is the essence of the way businesses create this value to their habitual customers? By making or trading good products and services that meet human needs. What are human needs in a modern society? Well these can include the basic needs of life – food and shelter, but also the social and emotional needs and desires, such as to feel safe, to feel enjoyment, and to feel a part of something worthy. We can take Drucker’s saying then and expand it a little by saying “the purpose of a business is to create value for customers by making or trading products or services with them that meet their physical, emotional or social needs”.

Business is good when it makes good products or delivers good services. Ethicists have often thought about whether a business which does not have a good

product can do any good at all. If the business is in the manufacture or sale of tobacco, or land mines, or pay-day loans, or online roulette, or heroin, or fossil fuels, so the argument goes, does it make any difference if it is kind to its people, generous to the community, careful with plastic straws, and prompt in its purchase ledger settlement? Many ethicists would maintain that the intrinsic good of producing something which has genuine value, in terms of human flourishing, trumps all of the collateral goods that arise from the business, such as jobs and economic wealth.

Whatever the answer to this deep problem of intrinsic versus extrinsic virtue, it is clear that the delivery of products and services to real people has to sit at the heart of any question about the value businesses make to society.

In the Jersey Good Business Charter’s assessment process for businesses who wish to start their ethical journey by a demonstration resolved credible intention to be a force for good in the world, the first area they are asked to think about is around the way the business creates value for customers.

*“Drucker says that a business’s purpose is about providing something valuable to a customer, for which they will give their custom. In other words a business creates value for people, who thereby create value for it by habitually coming back to do business again and again.”*



<sup>1</sup> Peter Drucker (1909 – 2005), Clarke Professor Social Science at University of California, Claremont Graduate School. Drucker published over thirty management books and numerous educational films and articles. He also developed the first MBA programme for working professionals.

<sup>2</sup> Drucker (1974) Management: Tasks, Responsibilities, Practices. New York, Harper & Row.

# CUSTOMERS

## AND THE SURVEY SAYS...

We surveyed people involved in Jersey business and asked 'Is your business walking the talk?'. We asked a series of questions connected to our 5 areas of good business. The survey was open for 3 months over the summer of 2021.

AND THE SURVEY SAYS...

# 92%

**BUSINESS LEADERS AGREE THAT PRODUCING GREAT PRODUCTS AND/OR DELIVERING EXCEPTIONAL SERVICE TO CUSTOMERS IS WHAT THEY ARE ALL ABOUT**



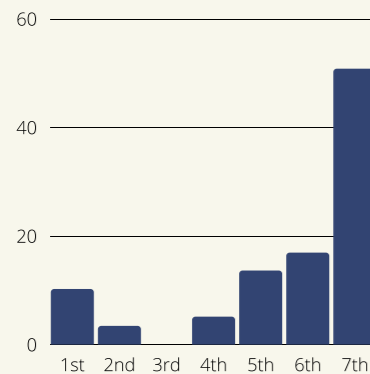
AND THE SURVEY SAYS...

# 61%

**RANKED DELIGHTING CUSTOMERS IN THE TOP 3 OF 7 BUSINESS PRIORITIES**



**ONLY 13.6% OF JERSEY BUSINESS LEADERS REGARDED CREATED BEAUTIFUL PRODUCTS TO BE THE TOP THREE OUT OF SEVEN BUSINESS PRIORITIES.**



## GENERAL ANALYSIS

- 01** 92% of business leaders agree that producing great products and / or delivering exceptional service to customers is what we are all about
- 02** Jersey has always had a thriving agricultural sector and is developing a strong technology sector, but it may be that a product focus in these sectors is reflected in the small number of respondents who ranked it in their top three.

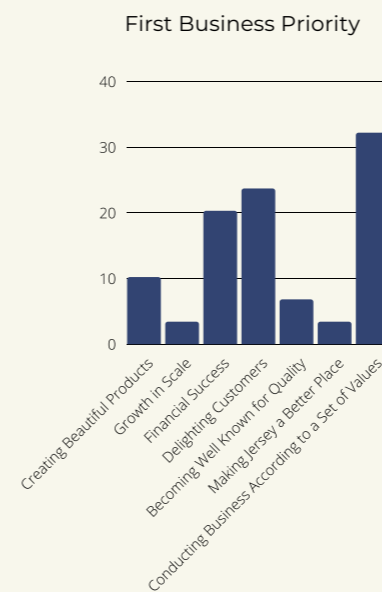
## SIGNS OF CONCERN

- 01** These promising signs of ethical business focussed on meeting customers' genuine needs is not reflective of much of the media coverage and informed commentary on the priorities of business in Jersey. This disconnect between leaders saying that a focus on customers is most important and a media and government focus on financial success and growth in scale sends mixed messages into the sector and means that leaders may feel pressured to act in ways that are contrary to their considered priorities.
- 02** Only 13.6% of Jersey business leaders regarded creating beautiful products to be the top three out of seven business priorities. This is not a surprise as economic sectors of professional services and hospitality are primarily service oriented.



## SIGNS OF HOPE

- 01** 61% of respondents ranked delighting customers in the top three of seven business priorities. 23.7% who ranked it as their highest priority making customer service the second most popular priority choice out of the seven.
- 02** 61% of survey respondents ranked becoming well known for quality in their top three out of seven business priorities.
- 03** Taking these three factors together 45.1% of respondents placed customer centric factors in the top three of seven business priorities.



## CONCLUSIONS

- 01** There is an opportunity to rebalance the conversation about business in Jersey towards one which is focussed on the intrinsic good of producing good things for real people and away from the extrinsic factors of financial success and growth in scale. This might be expressed as a return to a more holistic view of value creation and a refocusing on the deeper purpose of business and its contribution to society.

# NUDGE, NUDGE; THINK, THINK



People can be gently nudged towards a desired behaviour. This is what Nobel Prize winner, Richard H Thaler, and Cass R Sunstein demonstrated in their book 'Nudge: Improving Decisions about Health, Wealth, and Happiness'. So, how do we define a nudge in this context and what does a nudge look like?

Nudges are interventions that steer people in particular directions, but also allow them to go their own way. A reminder is a nudge; so is a warning. To qualify as a nudge, an intervention must not impose significant material incentives (including disincentives). A subsidy is not a nudge; a tax is not a nudge; a fine or a jail sentence is not a nudge. To count as such, a nudge must fully preserve freedom of choice. Some work because they inform people; other nudges work because they make certain choices easier.

Returning to their book, using insights from behavioural economics and psychology, Thaler and Sunstein illustrated how subtle changes to what they termed the 'choice architecture' of society, can trigger changes in individual behaviour. A noteworthy example of putting this theory into practice includes the authorities at Schiphol International Airport in Amsterdam. They realised if men could be encouraged to aim better while using urinals, airport cleaning costs would come down.

They took the decision to install fly-shaped stickers in urinals, which helped men focus on something they would normally ignore, enabling them to improve their aim and avoid spillages. By making a subtle change to the environment, these spillages were estimated to have reduced by 80% - a successful nudge of men towards a behaviour that had a socially desirable outcome.

## + Are there lessons we can take from Schiphol for the campaign to green our pensions?

Yes, we believe there are.

The MakeMyMoneyMatter campaign in the UK (MMMM) - alongside the Count Us In movement - recently launched the world's first Green Pensions Charter. They advise £20 billion is invested each year through company pension schemes, but only 5% of businesses align these contributions with their values or sustainability targets. This is a huge gap, and an enormous opportunity for impact. Signatories to the Charter are calling on the pensions industry to agree net zero targets for all investments by COP26 and also undertaking to engage with trustees and pension providers to explore how they can align staff pension schemes to net zero, before 2050.

To assist with these objectives, there are surely opportunities for a few nudges. Indeed, researchers have identified three common barriers obstructing investors committing capital to sustainable investments - these being



(i) recognising the option even exists, (ii) the perceived complexity of this type of investing, and (iii) the requirement for a positive attitude towards sustainability.

Taking each one of these in turn, when investing, people are primarily set to think about money. Consequently, their decisions reflect a mental state that directs them away from decision factors which are not directly linked to finance. For example, Environmental, Social and Governance (ESG) issues still do not feature enough in the minds of the majority of investors. A nudge to overcome this barrier is to simply increase awareness of these issues. A quick reference to the MMMM website advises £2.6 trillion is invested in UK pensions and a not insignificant portion of this finances harmful industries like fossil fuels, tobacco, and arms. This message is stark and in many cases should prompt pension savers to ask if this can be avoided.

Turning to the second barrier, the complexity created by the combination of financial, sustainable and impactful considerations, in this type of investing, can overwhelm investors. This commonly results in doing nothing, as

people tend to limit their cognitive efforts to be informed. In other words, a systematic behaviour in complex situations is to simply not decide, or – in the case of company pension schemes – staying with the default. The obvious nudge to overcome this barrier is for pension sponsors and trustees to ensure a sustainable/impact investment solution is the default investment option for all scheme members.

Lastly, in considering the final barrier, if investors perceive the outcome of sustainable investing reduces returns, increases risk, or simply lacks the promised impact, then conventional funds will be their choice. A successful nudge in these circumstances will ultimately be reliant on attractive outcomes being delivered. It also relies on consistent and trustworthy messaging from reputable sources. For example, in 2020, the World Economic Forum quoted a report estimating \$44 trillion of economic value generation – over half the world's total GDP – is moderately, or highly, dependent on nature. Carbon intensive investments accelerating climate change or degrading ecosystems surely have no place in long term investment portfolios, representing the pension savings of many.

## + A Gentle Nudge...

From a Jersey perspective, the capital locked away in our pensions can no doubt be a powerful force for good. Whether it be savers, pension providers – via the private sector or the States – or trustees, each stakeholder can make a difference. We agree with the rallying call from the team at MMMM in advocating for our pension monies to be invested in building a future we can be proud of, economies we can rely on, and an environment we can thrive in.

If what you have read has resonated and you would like to learn more, we would happily come to you to discuss the opportunities available and the hurdles to overcome, be that with HR or your leadership team. This is us nudging you to get in touch.



Written by: **Julia Warrander + Russell Waite**

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**affinity**  
PRIVATE WEALTH





## + USING TECH FOR GOOD

ENHANCING CUSTOMER EXPERIENCE,  
FACILITATING ETHICAL BUSINESS PRACTICES  
AND OPERATING SUSTAINABLY THROUGH TECH

## JPRESTAURANTS

Written by: **Maddy Jouanny, Customer Experience and Marketing Manager, JP Restaurants**

Website: [www.jprestaurants.com](http://www.jprestaurants.com)

In our connected society, we're used to having everything at our fingertips: information, news, updates, and services are just a click or a tap away. Convenience is king, and adapting the customer experience offer to reflect this demand for 24/7 availability is crucial.

Across the corporate world, businesses have adapted to fit into this tech-driven fast-paced lifestyle: from online shopping to booking flights, tasks that would once have required a trip out the house or a lengthy phone call now require only a few seconds and a smartphone.

Hospitality is no exception to this, and at JP Restaurants, we do our best to stay ahead of the curve. Whether it's booking a table or a room; finding menus and allergen information; ordering a drink to your table; or placing an order to Click & Collect: tech is now incorporated at every step of our customer journey, aiming to make things as smooth and as quick as possible for the modern-day customer.

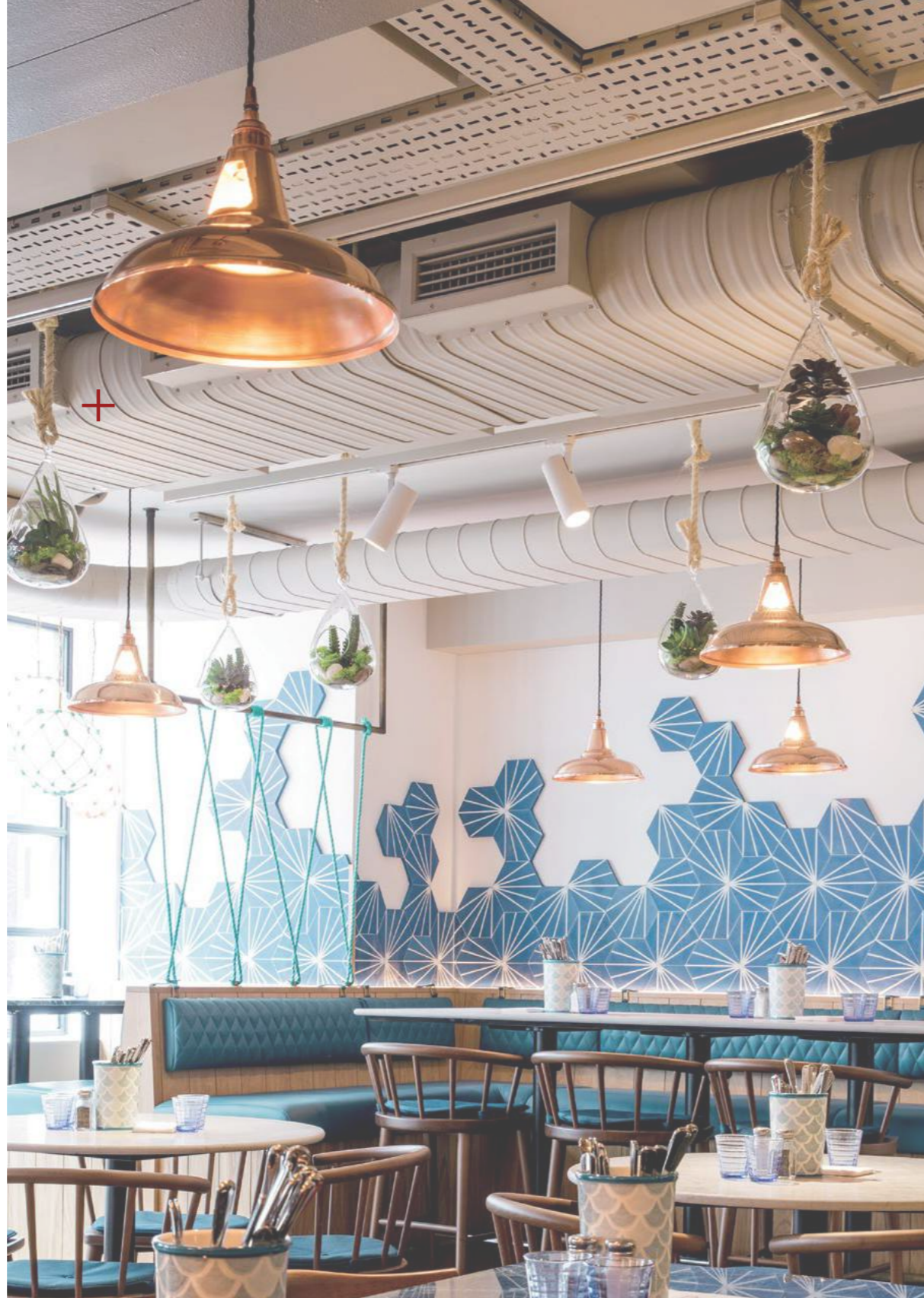
Of course, making things easier is only one of the benefits of technology - and while tech is certainly important in that respect, for the hospitality industry, it can also be a key driver in operating sustainably and facilitating ethical business practices. By embracing tech, hospitality businesses can increase automation, cutting back on unnecessary costs and allowing the investment necessary to behave responsibly; something that can't easily be achieved in a price sensitive industry with tight margins.

Most of us would (hopefully) agree that ethical business practices are extremely important. In today's

+ A commitment to ethics and sustainability can't just be a fuzzy PR statement on the company website anymore

'woke' society, more and more of us are putting emphasis on our values and on what we think we should value as a society: whether it's fighting injustices, protecting our environment, or promoting tolerance and equality. Customers think more about the businesses they interact with – caring more about where their food comes from, what they buy, and the implications of the goods and services that they use.

Factors that once weren't a second thought are now at the forefront of customers' minds when choosing the brands they'll buy from, and there's pressure on businesses to prove that they care and that they're taking action. A commitment to ethics and sustainability can't just be a fuzzy PR statement on the company website anymore: there's a real challenge to do the right thing, and businesses that fail to do so risk being held accountable.



“BY EMBRACING TECH, HOSPITALITY BUSINESSES CAN INCREASE AUTOMATION, CUTTING BACK ON UNNECESSARY COSTS AND ALLOWING THE INVESTMENT NECESSARY TO BEHAVE RESPONSIBLY”

At JPRestaurants, we've always been committed to operating ethically. As a Jersey business that's been running here for 75 years, we care deeply about our Island, its community, and the Jersey hospitality industry in which we operate. We're passionate about seeing an efficient and customer-focused offer in Jersey, enabling hospitality businesses to invest and provide not only a better more sustainable experience for locals and visitors, but also enhanced working conditions and long-term career paths for islanders. Technology, we believe, is the main way of unlocking this.

In every area of our business, we're using tech to improve efficiency and enhance productivity - from purchasing and stock management, reservations and capacity management, recruitment and rotas to customer experience, feedback, marketing and business intelligence reporting.

Enhanced automation and efficiency across every sector has given us the ability to invest in the things we care about, like our electric delivery van and kitchens using carbon-neutral power; ethical sourcing of high quality ingredients; involvement in local charitable initiatives and becoming an accredited Living Wage employer. Through tech, giving back to our island community has become more possible, helping us to ensure a more sustainable environment for everyone.

## • SERVING FRESH, INNOVATIVE, HEALTHY AND FUN FOOD

*Established in 1946 as a small family owned studio pottery we grew to become one of the Island's busiest and most popular tourist attractions in the 1980s. In the early 1960s, a "coffee bar" was introduced to cater to tourists visiting the island, the factory and the showroom.*

*The original coffee bar was the beginning of JPRestaurants which is still family owned and managed by the third generation and has now become one of the leading restaurants and catering businesses in Jersey, serving thousands of customers daily with fresh, local and innovative food.*

# JPRESTAURANTS



some things matter to certain people and not to others.

You can answer for yourself as to whether you are happy to buy from businesses who use sweatshops in the third world or pollute the earth more than they should or have CEOs who bully and harass their subordinates. I'm guessing that most would say that if they knew and they had the choice they would not. Leaving aside multi-national corporates who can afford to maintain a positive brand image either through positive PR or legal action (!) let's focus on local businesses and reputation.

A good way to ensure you do not unexpectedly ruin your brand reputation is to do what John Mackey, author of Conscious Capitalism realised:

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***"I realised that with everything I did from that point onward, I would have to ask myself this question: 'How would I feel if what I'm doing right now is written up on the front page of the Wall Street Journal or the New York Times or if it is on television? Would I still do it?'"***

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At Purpose we make this point more relevant by asking our clients "Do you think the business would look bad if this came out on the front page of the JEP or through Facebook?"

While social media warriors' opinions can have a detrimental impact on a business, I find the pain or disappointment is greater when I know I have let myself down. Research I have done shows others feel the same. Whenever any of us break our own moral code, it can often create longer term problems to solve.

If a customer accidentally overpays you by £100, does telling them and giving it back buy more than £100 worth of value to you? If you do a job to half your ability but always get away with it who are you cheating? If you charge 5 hours when you did 4 how do you feel about yourself? How do you feel about your business? Again, ask yourself "does the short-term upside of doing this outweigh the potential longer term negative consequences to me personally". If not, then do you want to go ahead as first thought? While Facebook

## GREAT BUSINESS IS BEING GOOD TO YOUR CUSTOMERS

Luke Smith, September 2021

Why have I been asked to write this article? I believe it is because Purpose, the name of our accounting business, is built on the idea of putting a business' purpose first. We have been giving back through Buy1Give1 since 2011 and clients just do not leave Purpose, unless they get too big and hire internal help, or they sell their businesses.

Whilst that all sounds like a socialist dream, our fifty or so clients regularly increase the size of their teams and the size of their profits by following the simple mantra of Claremont School of Management's business guru Peter

Drucker: "The purpose of a business is to create and keep a customer."

Doing this requires identifying the optimal way to price services and communicate and deliver value. So what impact does being "good" have on your ability to communicate and deliver value to customers? What does "good" even mean?

In the context of this article, it is the extent to which your actions are wrong or right morally. That is hard to know because opinions can vary so wildly on what is acceptable and

*What good could you systematically do to make your team members proud and your customers want to willingly tell everyone about the difference your business is making?*

groups reviewing local businesses each day can have negative impacts on future success it is more than likely that by keeping promises and doing a little more than is expected will create rave reviews and create and keep more customers.

What good could you systematically do to make your team members proud and your customers want to willingly tell everyone about the difference your business is making? The best entrepreneurs know that success in business is no longer just measured by profits and shareholder value and recruiting a highly

motivated and intelligent workforce demands a new approach.

Those entrepreneurs attempt to balance the requirement for profits against looking after the environment, society, colleagues and customers. This is a more modern, truer measure of success and the value their businesses create.

The personal sense of fulfilment they achieve from creating a business which impacts so positively across all areas is hugely emotionally rewarding when they look in the mirror each day.

It takes a brave business owner to not just avoid the consequences of a JEP front page, but to take actions which hit social media or the front page for all the right reasons. It takes money and time and energy to look after each aspect of a successful modern business well. For those brave and generous enough to give it a go, I wish you the best of luck.



Author:

**Luke Smith FCA**

Luke spends each day with lots of different people with a daily goal to improve their lives in some way through the interactions he has with them. Often this is by helping clients' businesses become more profitable and valuable so that the owners can enjoy a better life and the staff can have a better place to work.

In 2011, Luke created Purpose, an advisory accountancy firm focussed on growing the profits of its clients by helping them set clear objectives and coming up with ideas to achieve them.

In Autumn 2019, Purpose was recognised as one of the top 5 small accountancy practices in Britain.

Luke has given evidence as an expert witness in the Royal Court in Jersey on multiple occasions and has assisted many businesses in buying and selling other companies making the due diligence process easy for both seller and purchaser and helping reduce legal fees.

Day to day Purpose provides Luke as a strategic financial and commercial advisor providing advice to clients on all aspects of local business from business strategy, operational process, marketing, accounting and IT systems integration and mostly financial performance and direction. He loves his work.



# WHAT'S THE RUSH?

*A poem by Martha MacDonald*

What's the rush?  
I've fallen for the coffee shop barista,  
he won me over with his milk-pouring technique,  
look at that latte art,  
be still my beating heart!  
I'll need a top-up now because my knees are weak.

Transfixed by his hands as they remember  
the choreography for every perfect cup.  
What's happened to me?  
I used to only drink tea!  
Now I can't function without my caffeine pick-me-up.

At first, I did try and keep my distance,  
to maintain some mysterious allure,  
until I couldn't not go,  
craving the guy and the Joe,  
I was addicted and I just wanted more.

But I wasn't getting any special treatment,  
his finesse earned him everybody's custom:  
with his skill he disarmed them,  
with his kindness he charmed them,  
you can understand why they all trust him

He was there on his clients' greyest days  
when they'd lost their keys and got caught in the rain  
he'd make their brows turn around  
to a smile from a frown  
one sip, and their mood was quite changed

All around him the world slowed a little  
and I admired how he took his time,  
in spite of the queue,  
he gave each brew its due  
to let the flavour and his talent really shine

So unfurled an unlikely love story  
that started as a seeming passing crush  
and now with my morning coffee  
I take a moment for me:  
Take a breath. Slow down. What's the rush?

*listen here!*



### *Useful questions that help your business to focus on the customer:*

- + Does your business create high quality products that meet human needs?
- + Are your products manufactured well, built to last and made with good materials?
- + Do you involve customers in the design, development and improvement process?
- + Do you manufacture with skillful practitioners, meaningfully employed?
- + Do you create products with the end-cycle in mind, as well as the life-in-use cycle?
- + Are your products aesthetically pleasing, and well designed as well as functionally useful?
- + Do you package the products sustainably, attractively and safely?
- + Do you collaborate with users and experts to generate 'circular economy' products with low wastage?

### **Or alternatively for businesses that make or trade in intangible products and services:**

- + Are your services well designed, to create customer interdependence?
- + Do you serve customers with skillful agents, meaningfully employed?
- + Are your services well delivered, by well trained and happy providers?
- + Do you equip your people and your customers with the knowledge and skills they need?
- + Do you give people a socially and emotionally meaningful work context, in which to serve people?

### **And for all businesses, whether you provide products or services to customers:**

- + Do you employ an ethical and honest approach to identifying, communicating with, presenting to and persuading prospective customers?
- + Do you have a code of conduct on ethical selling?
- + Do you train all sales, marketing and business development people in high quality ethical marketing?
- + Do you offer a published no-quibble returns policy, embedded in your terms of business or a cooling off period after a sale?
- + Are you transparent with clients regarding sales commissions?
- + Do you have good complaint handling and resolution procedures?
- + Do you have published complaint handling standards, which include access to senior management?
- + Are your people trained to handle complaints in a human-centred, empathic manner?
- + Does your customer service training includes empathy, social standing and respectfulness?
- + Have you involved customers in the creation of your policy and training front-line staff?
- + Are you public and transparent in taking responsibility for resolved complaints and errors?
- + Do you publish data on the number and type of complaints along with their resolution?
- + Do you invite independent experts to write up lessons learned which you publish (redacted of client details)?

## *Further references*

### **Nudge, Nudge; Think, Think Article**

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- + [www.makemymoneymatter.co.uk](http://www.makemymoneymatter.co.uk) - a campaign founded by the screenwriter Richard Curtis in support of the UN Sustainable Development Goals.
- + [www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report](http://www.weforum.org/press/2020/01/half-of-world-s-gdp-moderately-or-highly-dependent-on-nature-says-new-report)

*notes/doodles/lists/plans*

# COMMITMENT FAIR RELATIONSHIP PARTNER

*"If COVID has taught us anything it is that, as a business community, we are all in this together. There is no hard divide between customers and suppliers - we are all customers and suppliers of each other. So for me, success in business is not winning at the expense of those whom my business depends upon, but rather us all winning by doing good business together."*

Entrepreneur and Company Chairman

*Good for*

# SUPPLIERS



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