

A PAPER ON SUSTAINABLE BUSINESS INNOVATION

GLOBE FORUM

business review



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SUSTAINABLE
CHAMPIONS



MEET THE
CHAMPIONS
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FRANK APPEL:

THE MAN WHO MOVES THE WORLD



6. HALLA TOMASDÓTTIR

Audur Capital



Hella is attending Globe Forum because she believes that the financial crisis may be a blessing in disguise. It offers the opportunity to review our values and ways of doing business and finance and engage in a dialogue about how we may emerge from this global crisis with a more sustainable set of values. She wants to encourage everyone to facilitate the development of increased corporate responsibility by using the "power of the purse".

THE FINANCIAL CRISIS - A BLESSING IN DISGUISE?

The collapse of the global financial markets may well turn out to be just what the world needed in order to create enough urgency to fuel the transformational change we need to achieve sustainability. We have a perfect opportunity now to question the values and ways that led us into this global economic crisis and invent a more sustainable set of values going forward.

The financial world and much of the corporate world has been characterized by underlying assumptions and values that are simply not sustainable. We have been too focused on the short term and paper profits, instead of long term real value creation. Essentially we have been creating "profits" in our lifetime at the expense of future generations.

THE FINANCIAL SECTOR bears great responsibility as it has been pushing loans onto people and organizations that couldn't pay, simply to earn fees, not to forget the outrageous bonuses. Financial engineers then bundled bad loans with good ones, made forward agreements left, right and center and eventually it was virtually impossible to evaluate the risk involved in the many complicated products in the market. The solution was risk insurance, which financial engineers then structured into yet

another hard to understand product for the market to absorb.

BUT THE CORPORATE sector bears its responsibility as well. The stock price of organizations became an objective rather than a consequence of having the right organizational objectives. Organizations have been acquired and merged across the world in order to achieve size, because BIG has been the name of the game. The underlying values have led to this excessive risk taking, short-term profit orientation, size obsession, excessive greed and big bonuses. Not much room for corporate responsibility, ethics, good governance, diversity and cooperation, all of which are essential to create long term sustainable profits for organizations as well as the world.

THE SHORTCOMINGS are now more than evident. Much of public as

well as media attention has been directed to finding who and what is to blame and some look to their government to pass more laws and stricter regulations in order to prevent such a crash from repeating itself in the future.

I HAVE SOME DOUBTS that more laws and regulations will solve our crisis, prevent future crises or change our behaviors. Of course we must review our regulatory framework and make sure we enforce our rules, but if we are interested in changing people's behaviors we must take a hard look at the underlying assumptions and values that at the end of the day govern people's behaviors and make sure we are working from a set of sustainable values.

WHEN WE FOUNDED Audur Capital in 2007, we invested significant time in evaluating the values that characterize the world of invest-

ment banking because we neither liked nor believed in the sustainability of what appeared to be the ruling model.

In our wildest dreams we didn't expect what was to unfold, but we did expect that we would eventually discover that a system that was so out of balance would not be able to sustain itself. We invested even more time in discovering and developing our very own set of values. Our notion, to put feminine values into finance, is about creating a healthier and more balanced financial services company, one with sustainable values at its core.

We believe in risk awareness: we like to understand the risks we take. We believe in profit with principles: we aim to be profitable, but care how we make our profits. We simply reject the view that one must choose between financial profits and social benefit and we always go for both where possible.

We believe in emotional capital: money is a very powerful and influential force in our world, but financial capital alone doesn't create successful companies or investment funds, people do. We do emotional due diligence when we review potential investments

or choose which fund managers to work with. We also believe in straight talk, we say things as they are and always aim to make things transparent and easy to understand. Some people think we are idealistic, and we are, but we are also profitable and our values got us through the infamous Icelandic crash without losing money for our customers.

UNFORTUNATELY NOT ALL organizations will find it within themselves to be able to learn from what has happened and change for the better. But then it is really up to us, the general public, to create the urgency for those organizations to change. How? We need to use the power of the purse, i.e. we need to direct our business according to our values. I believe this trend is already underway and will be magnified by this global crisis. Women make up to 80% of all household purchasing decisions, hence we can make or break almost any business by being aware of how we consume and spend. So I often tell women we should not underestimate that we have the power within our very own purse to change the world, everybody does.