

## BOOK REVIEW

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### Firms of Endearment: How World Class Companies Profit From Passion and Purpose

Sisodia, R., Sheth, J., and Wolfe, D.B. (2007).  
Wharton School Publishing, Upper Saddle River, New Jersey.

This book offers an alternative to 'business as usual'. There are companies who become the ultimate creator through passion and purpose. The author called them 'Firm of Endearment'. What is a Firm of Endearment (FoE)? The authors argue that their example companies share a common set of core values, policies, and operating attributes.

Those leading companies are Commerce Bank, Container Store, Costco, Harley-Davidson, Honda, IDEO, IKEA, jetBlue, Johnson & Johnson, Jordan's Furniture, New Balance, Patagonia, Southwest Airlines, Starbucks, Timberland, Toyota, Trader Joe's, UPS, Wegmans, and Whole Foods. The concept of FoE is different to the concept of Good to Great by Jim Collins. The authors argues that over 10 year horizon, FoE companies outperformed the Good to Great companies by 1,026 percent to 331 percent (a 3.1-to-1 ratio).

There are twelve chapters proposed in this book as summarized by the authors are Chapter 1 is an introduction to FoE business philosophy. Chapter 2 'New Age, New Rules, New Capitalism' discusses the new rules for playing the game of business in the age of transcendence and offers the unconventional idea. It is not focusing on making profit, but on creating a value for customers. Chapter 3 'The Chaotic Interregnum' discusses how and why the social transformation of capitalism that is underway is happening and shaping up to be huge ideological change in capitalistic theory and practice. Chapter 4 look at how these companies deal with their employees which create happy and productive work environments in which employees are highly motivated, valued, and well rewarded. Success always starts from the inside. Customers' satisfaction begin with employee's satisfaction. Chapter 5 addresses customers' relationships, describing the new marketing paradigm that is emerging in the age of

transcendence. Chapter 6 deals with how companies can and must relate to their investors. Chapter 7 addresses business partners, including suppliers, distributors, retailers and others. Chapter 8, deals with how FoE relate to the world at large. FoE pays attention to the community and how their business might impact the society. Chapter 9 addresses the issue of leadership and corporate culture. Chapter 10 learned about how FoE doing business. It gives us few practical idea that can be applied by companies and Chapter 11 concludes the book with a vision of the simplicity that support the FoE management philosophy. It has been proven the sustainability of this business model.

Firms of Endearment' is one the most important business book ever. It offers a new way of doing business. In the past few years since the collapse of corporate giants like Enron, Arthur Andersen and many more. Societies are becoming more and more skeptical towards corporation. Fortunately, there are better alternative in doing business. This book is not just a conceptual idea, the authors have for the first time that I am aware of, conducted a scientific study designed to identify businesses that use a wide range of ethical issues to guide their operations. The book underlines the importance of what we know as Corporate Social Responsibility where the business strategy is not just to create profit for the shareholders but also to stakeholders. I have long believed that an ethical business model will out-perform any other. It just makes common sense and should become the model for all companies.

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