

Neo-Naked Economics: The New Laws of the Jungle



Introduction

I was going to title this paper "Naked Economics" just to get peoples' attention. "New Economic Theory and the implication for Business Value Creation" sounds dull and I want to try to make it interesting, relevant and actionable. I thought a promise of nudity might up the ratings but Charles Wheelan beat me to it with his 2002 book "Naked Economics: Undressing the dismal science". I've not read it although I intend to, not because I think economics is dismal, far from it, but because the promo blurb says he sets out economics in simple terms people can understand which I'm going to attempt to do. I'll compare my efforts with his.

I added the 'Neo' to 'Naked' for purposes of enhanced impact and differentiation, that's the marketer in me coming out. Then, with audience ingratiating in mind, I thought I'd include some animal pictures, not just any pictures but ones I've taken in Africa on my many trips to the bush (nothing hard core, always the cushiest of game lodges). It spares me any copyright issues, that's the Scot in me (on my mother's side, I was born in England) and I'm terrible at designing diagrams so there won't be any of those to break up the prose. African wild animals gave me the sub-title - 'The New Laws of the Jungle'.

In a nutshell, this paper is about the new economics heading our way and how they will change the way we do "MARKETING". I've gone off the word marketing despite it being my living for the last 40 years. So much so I published an eBook this year called ["What's Wrong with Marketing \(?\)](#). The book is in 3 sections and this will spare you the need to read it (thank me later):-

1. There's nothing wrong with marketing, it's been great for society.
2. Society has changed, there's lots wrong with marketing.
3. Marketing will wreck society if it doesn't change.

OK, that's maybe a little too terse to set up this article.

In the first section I explain how marketing is the product of economics and has been responsible for creating growth, aligning the efforts of otherwise functionally siloed businesses, and enriching our culture through ads and innovation. Marketing has been Grrrrreat! as Tony the Tiger used to say.

In the second section I explain how the explosion of tech and data has really screwed marketing up - too much Spock, not enough Captain Kirk. I advocate the move to a genuinely connected marketing operating system that creates the time and insights to release talent and get back to ideas. I explain that it helps if you understand how people choose brands - Brand Adoption Models - and with ironic symmetry set out your choices in that regard with little or no help in making your choice other than, just pick one and give it a go.

In the third, section....ahhh, the 3rd section, I had such ambitions for the 3rd section. It was what I really wanted to write about, the first two sections were just the set-up. I had these great ideas about how people owning and being able to transact their own data is going to transform business and society. I'd come up with the idea of how Demarketing, actively suppressing consumption, was going

to be Sustainability 3.0. and I was going to announce the death of marketing in honour of my comic hero, the late Bill Hicks.

***"By the way if anyone here is in advertising or marketing...kill yourself.....no really. There's no rationalisation for what you do and you are Satan's little helpers. Okay – kill yourself....
...Quit putting a goddamn dollar sign on every fucking thing on this planet."***

This is a quote from a well-known [stand-up set](#) of his in the 1980's. My big denouement was going to be to side with my man, Bill Hicks "I heard you Bill, I'm sorry, you were right all along. I should have killed myself and I didn't, I devoted myself to f**** marketing but it's OK, I'm going to put things right". My homage to a visionary.

I also intended to propel myself on to the stage of Global Conferences like Davos, into the heart of Top Business Schools both sides of the Atlantic and behind the closed doors of the poshest and hippest C-Suites, as someone with iconoclastic views on 'business in the new normal', 'Strategy 5.0' etc.

However, half way through finishing the final section Covid 19 happened. Damn! Now how do I finish the eBook?

So I did a hasty pivot, moved into writing in the 1st person (up until then I'd been writing in the 3rd person to give the eBook some heft) and ended with a hastily written outline of how I thought the world might change, nonetheless still clinging to the idea that 'marketing as we know it' has no place in this brave new world. My intention was to wait a while then do a re-write. But I changed my mind and decided to write a sequel instead. This is it. Bet you can't wait.

I'm going to cover some things that will not sound enticing, I'm not even going to tell you what they are because you'll give up now. Instead, I'll just make some promises:-

- I will get to a conclusion about what is going to replace marketing that will give you hope and renewed purpose.
- I will make you feel better about the pandemic
- I will leave you to google things if you need more detail so I can keep the pace up.
- I will throw in some jokes
- And I'll share some of my holiday photos, sorry, I mean inspire you with relevant pictures of animals that make it more of an experience.

How does that sound? Great, so let's begin with the history of economic theory.

From Adam Smith to Richard Thaler

Adam Smith is where modern economics started and Richard Thaler is roughly where it currently ends. Adam Smith wrote 'The Wealth of Nations' and Richard Thaler is the man behind Behavioural Economics one of the latest theories of economics. Connecting the two are many other economists with evolving theories about how society allocates resources, business works and people make choices. The prevailing economic theory also accounts for how governments set policy and spend your money. The purpose of this section is to outline the most influential economic theories and see if we can spot a pattern that will help us understand how it's about to change, the next stage in economic evolution. That sounds quite heavy so here is a picture of Zebras.



On any game drive the best photos you will take will be of Zebras, they are the most photogenic animal because of their distinctive pattern. There are in fact two types of Zebra, white ones with

back stripes and black ones with white stripes but both are equally good on film, especially as they tend to just stand and look at you so you get time to focus the camera.

When I have set out the evolution of economic theory in the briefest of terms I think the pattern is Zebra clear.

Ancient Economics Pre 18th Century

A system designed to allow people to trade based on money rather than just barter. Eventually this allowed people to invest. A group of us get together and find a ship, Captain and crew which we pay for plus their cargo. The ship sails off, exchanges the cargo (several times) for more valuable items, brings them back and we sell it for a profit which we divvy up according to who put in what (settling our debts literally 'on the nail' i.e. the metal posts in Bristol). Trade was the foundation of capitalist economics.

Adam Smith and Classical Economics 18th and 19th Century

With the industrial Revolution there was more wealth to share about and more options of where to earn it. Classical Economics was based on the idea of a free market allowing the laws of supply and demand to create competition with efficiency coming from the division of labour. The basic idea was to keep government interference to a minimum and let the 'invisible hand' of market forces keep everything in equilibrium and everyone gainfully employed.

Neo-Classical Economics 19th Century and early 20th Century

There was a big overlap between classical and neo classical economics but if you think about how the world had changed by the beginning of the 20th Century there was more of everything. More industries, more world trade, more technology, more retail and media, more people. Where Classical economics focused more on production, cost and the supply side, with neo classical economics the focus shifted to the demand side and the relationship between demand and price. It was actually the beginning of what was to become marketing. It mattered less how much something cost to make, it mattered how much people valued and wanted it.

Keynesian Economics 20th Century

Up to John Maynard, economists believed in the power of market forces to create stable full employment. Then 1928 happened, the Great Crash (or as we may come to redefine it , the Large Crash in comparison to 2021). Keynes understood that economies were far more complex and simple market forces alone could not be relied upon to re-establish equilibrium. To control employment and inflation, the new bogeyman , governments needed to intervene. They needed to use fiscal policy - spending your taxes on for example big infrastructure projects - to stimulate aggregate demand. Fair to say that this thinking still prevails today.

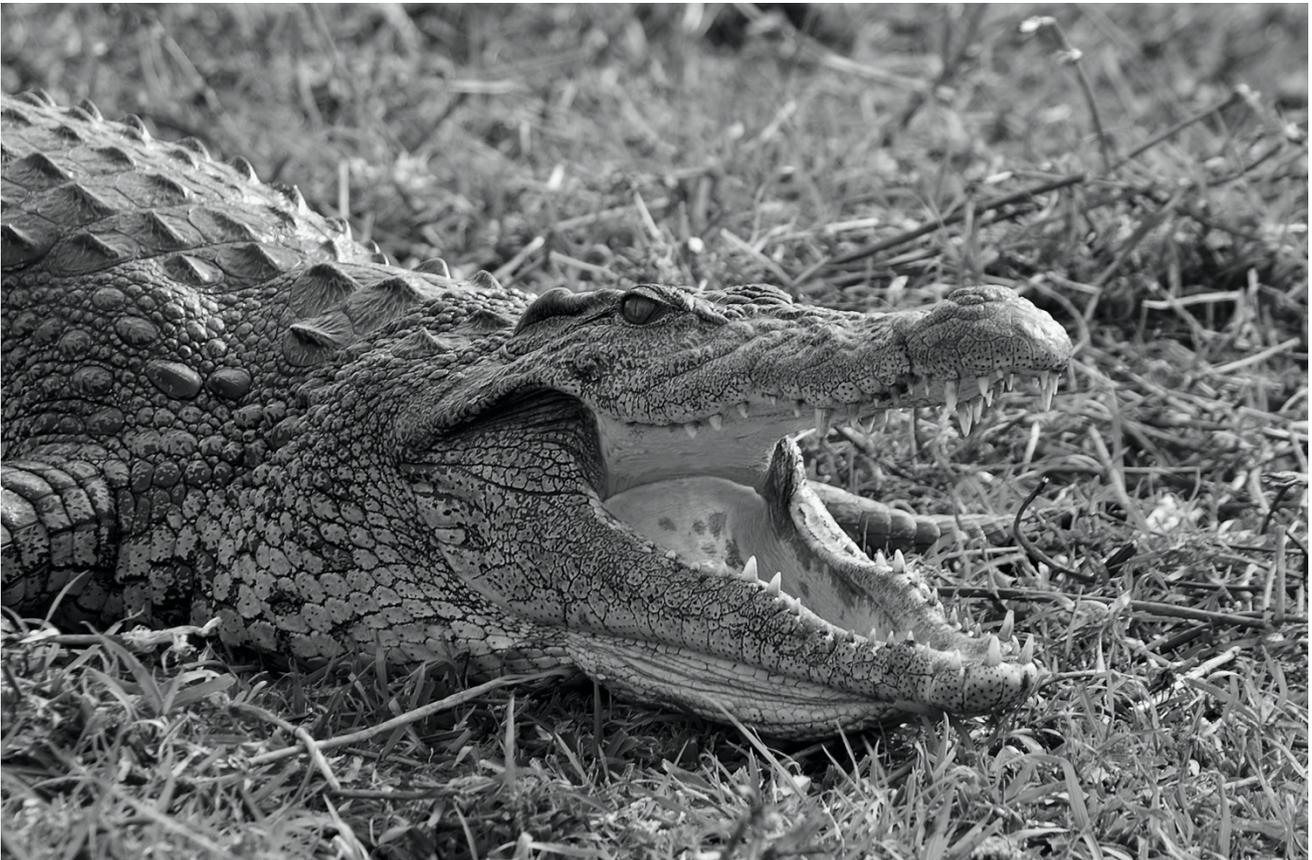
Monetary Economics 20th/21st Century

Nearly there, this is the last one to highlight. It is actually quite complex but we can keep it simple, Monetary Economics is about money. Milton Friedman was its best known champion and he proved that the money supply affected economic growth. You could use it to stimulate or dampen an economy, best practice was to keep it at a steady growth rate to avoid the more modern problem of boom and bust. Now how does a government do this? Up to recently you would have said they buy government bonds to inject more cash into the financial sector. In other words they print it and give it to the banks who lend it to you and me. Lately they just give it direct to people, 'Helicopter Cash'.

Proper economists unlike yours truly, the Poundland version, will see this as too simplistic a summary. As noted above it is very easy to google any of this for more detail but the object of the exercise is to look for the pattern. Why did economic theory evolve in the way it did? The first answer is as clear as the stripes on a zebra. The world changed so economics changed.

The second answer is not much more subtle. As the world changed it was trying to solve different problems.

- To begin with, the problem was to facilitate trade.
- Then it was to create full employment.
- Then it was to prevent another Depression
- Then it was to create high employment and control inflation.
- Then it was to avoid the 7 year cycle of boom to bust.



Everyone knows the story of the crocodile who gives a rabbit a ride across the river. Despite having promised not to, half way over he eats the rabbit. When asked why the crocodile replies, "I'm a crocodile, it's in my nature".

Crocodiles have hardly evolved from the days of dinosaurs, they haven't needed to. Economics has evolved continually because it has had to.

Behind the early development of economics, from St. Thomas Aquinas who came up with the idea of a fair price based on value and Adam Smith with his ideas of Free Trade, there lay of a view of human nature. Back in the day there was no division between philosophy and science, it was all an endeavour to figure out how things worked and the laws for how they should be made to work to create a fair and just society. There was a societal purpose to economics.

Rather than disappear down the rabbit hole of socialist and capitalist economics, let's look at Islamic Economics and its most famous thinker, Al-Sadr. He believed the purpose of economics was to create social justice, more equal distribution of wealth for the betterment of the poorest members of society. Islamic Economists see their ideas as neither capitalist or socialist but instead a third way.

The point is that economics is a social science, it's not just a set of rules that explain how things do work, it's a purposeful system for how they SHOULD work, how we SHOULD allocate resources and trade with each other.

Which is the problem with the newest theories of economics, they're not.

A Higher Form of Ignorance



One of my favourite animals, the giraffe. They developed their longnecks not just so they can eat the tasty leaves on the top of trees but because their feet smell. This has helped give them a unique perspective.

There is a very good article by Amna Silim called ["What is New Economic Thinking"](#) in which she outlines 3 emerging schools of economic theory:-

- Complexity Economics
- Evolutionary Economics
- Behavioural Economics

They are all called 'heterodox' in the sense that they dissent from orthodox economics and rely on observed, data-driven reality.

They are explained very well in the article, so I will just summarise them.

Complexity Economics sees the economy as a complex system where everything continually reacts to everything else producing dynamic outcomes. There is no difference between micro and macro economics, they're all interconnected.

Evolutionary Economics is very similar but puts innovation (evolution) at the heart of this. As all these dynamic complex outcomes happen we constantly adapt and innovate. Resources flow to those ideas that succeed.

Behavioral Economics puts psychology firmly in the mix to explain how people make decisions. It is heavily based on Daniel Kahneman's work best explained in his book "Thinking, Fast and Slow" which introduced us to the idea of our 2 brains, the small cognitive one, and the big reptilian one. The System One brain works more deliberately and logically, the much larger System Two brain works on instinct. We tell ourselves we use our logical brain most of the time but in fact we use it relatively rarely. Most of the time we make decisions based on hard wired animal instincts designed to help us survive and breed.

So you see there is a logic to using animal photos, because we are animals, primates to be exact. Nonetheless, two things distinguish us from other primates:-

1. Our ability to copy - we have faces designed to communicate to others which we learn to do from the cradle.
2. Our ability to produce more offspring than any other primate and more than we can support so we had to develop tools and learn to adapt.

Those two things set us on the evolutionary path to the complex messed up world we inhabit today so the new economic thinking makes some sense. Essentially what all these Heterodox economic theories do, but especially Behavioral Economics, is reject the idea of previous economics about how things should work and replace it with empirically supported models of how it actually works.

And here is where I stick my neck out like the giraffe, take a different perspective, and say they are all a higher form of ignorance. I borrowed this line from Theodore Dalrymple, the nom de plume for Doctor Anthony Daniels. He used it to describe patients who come to the doctor having researched their symptoms on the internet, they were no wiser but rather had a higher form of ignorance.

I also used the line once in a blog to critique the work of Professor Byron Sharp and the Ehrenberg-Bass Institute, well-known for applying Behavioural Science to Marketing to explain how brands grow.

I actually knew Andrew Ehrenberg. I happened to be in the right place at the right time, running a very big brand in the UK, and so was one of the first people to whom Andrew, the most charming and modest man, explained the results of some ground breaking analysis he had done. The work proved beyond doubt that the number of people buying a brand (market penetration) and the amount they bought (what we took as loyalty) moved in a constant relationship. Big brands were big because more people bought them and bought more of them. This data fundamentally challenged a lot of marketing spend that tried to build either penetration or loyalty as if they were independent. I asked

him why this was and he replied "I'm just the statistician, you're supposed to be the clever marketer, you figure it out".

Andrew was being honest in admitting all he was doing was explaining what happens when brands grow not why or to what purpose they grow.

And that is all the new theories on economics like Behavioral Economics are doing. They are telling you what happens, they are inferring why it happens but they are not giving you any idea of purpose. So they're just a higher form of ignorance. At least the previous economic models were designed with a purpose in mind and a point of view on the human condition.

There's an elephant in the room - Economics is broken



If you go into a game park it's very easy to see if they have any elephants and whether they have too many elephants. If there are elephants you will see broken down trees. If they have too many elephants you will see that pretty much every tree is flattened. There are benefits to the eco-system of an elephant breaking down a tree, it creates the environment for other species like small mammals and insects to flourish and support the food chain. But it's bad news if virtually every tree is smashed to the ground, especially for the giraffes. I once asked our Ranger why elephants

destroy trees like this. "Basically, because they can" he answered. Elephants don't have any sentiment about a natural equilibrium and their place in it. They enjoy smashing down trees and they could care less about the impact on anything else. They're not the ones who put up fences confining all the flora and fauna to one area. They're not responsible for controlling the size of their herd, they can't count apparently. If there are too many elephants they just split into different herds, some bachelor males just bugger off on their own for a while. Not my problem.

But we're supposed to be smarter than elephants.

As the impact of Covid 19 starts to be grasped and we peer with squinty eyes into what future lies ahead of us, very few people believe things will go back to normal if for no other reason than normal seemed to be heading in a bad direction in terms of climate change and the growing gap between haves and have-nots, to name just a couple of things.

To get back on topic, it seems impossible that the prevailing or emerging economic models and systems are capable of restoring 'normality'. Is there any kind of Keynesian fiscal stimulus that can create a V shaped recovery? When America is talking about printing an additional \$11 Trillion*, a staggering 50% of their GDP, and interest rates, already rock bottom going into the crisis, have moved into negative territory what hope monetary policy?

*Aware that this is a bit cliched but it helps me get my mind round big numbers. Imagine you spend \$1 every second. Here is how long the following amounts would last:-

1 Million = 12 days
1 Billion = 31.7 Years
1 Trillion = 31,700 Years

So printing \$11 Trillion is roughly the equivalent of 350 Millennia.

A former Governor of the Bank of England went on television saying that they need to consider -4% rates on bonds which he thinks might be big enough to make a positive impact on the recovery but he admits he has no idea what the downside might be because nothing like this has never been tried.

We are in uncharted economic territory to put it mildly.

Even if we could 'get back to some kind of normality' do people really want to? I admit to being cynical about Extinction Rebellion, I felt they were overly alarmist and under-estimated the potential of new technologies to fix things as we have always have. I also saw their solutions as fantasy land. I was for a more measured approach, as much as anything because the idea of the world giving up air travel, accepting a lower GDP per head, and spending \$ Trillions on green energy in just a few years was unimaginable. Then along came a new virus and it turns out governments all over the world were prepared to go further than even Extinction Rebellion were proposing, albeit for a different existential reason.

For the first time even the more cynical and pragmatic of us are beginning to see that maybe we can tackle things we thought were impossible.

There is a lot being written and produced about what the future might look like, not surprisingly. As a devotee of BBC Radio 4 this programme impressed me and I think will stand the test of time even when more dust has settled on this crisis.

<https://www.bbc.co.uk/programmes/m000jp1y>

It's an episode of 'Start the Week' hosted by Andrew Marr, titled 'The Future' and it featured, among others, Riel Miller, expert in Futures Literacy. Really worth a listen. The big reminder in what Riel said was that the future can only ever exist in our imagination, it is not pre-determined and can be what we imagine it to be.

So we can change the future by changing our imagination. It reminded me of a quote I used to use a lot but I realised I'd forgotten what it really meant.

"The best way to grow is to predict the future, and the only way to predict the future is to shape it."

I was using this quote back in the day because I believed, as most other people did, that the purpose of economics, business and marketing was to grow financially.

What if it isn't, imagine that. We should because the early economists, at least the good ones, imagined economics had something more to offer than just wealth creation for the few at the expense of everyone else and the world we share.

In my summary of the evolution of economic thinking I skipped past St. Thomas Aquinas with barely a mention. STA was a 13th Century Italian Theologian and Philosopher, as I said before, back in those days Philosophy included what we would call the hard sciences and social sciences and Theology meant that STA's philosophy was rooted in religious faith. Economics as a term was only adopted in the late 19th century as a branch of political science. But even though STA had no concept of economics he, rather than Adam Smith (who wrote *The Wealth of Nations* 5 centuries later) was the early father of economics. STA came up with, among other core economic concepts, the idea of a "Just Price" based on intrinsic value.

We could challenge whether STA's idea of a "Just Price" takes every relevant factor into account and economists did exactly that for centuries. The point is he thought about it, he explored the social purpose of price and the meaning of value. That is what we need to do now and I will cover this in the next section.

The other thing worth remembering about early economics is that change happened over centuries. STA, Adam Smith and others had a simpler world to deal with and plenty of time to think things through. By the time of Keynes and Friedman the world was a lot more complicated and change could be measured in decades. Right now we think of change in years if not months so perhaps this explains why we fall back on data driven models of the way things are rather than take the time to think about how they should be.

The Leopard's New Spots - a new kind of value economics



The Rangers that take you on the game drives are incredibly passionate and knowledgeable, keen to answer any question. I asked one whether he had ever seen a leopard kill and what it was like compared to a lion. "I have" he said " but to be honest I can't tell you, it happens in flash". Later on the same drive, just after dark, we were charged by a young male leopard (not the one in the photo). He came from about 25 metres away faster than a runaway train but thankfully it was a mock charge and he stopped short. We slowly backed away from him. However, in the instant it had taken him to charge the truck my wife had managed to get past our teenage son on the back seat and put him between her and the leopard. She acted on instinct, the System Two brain, and has never lived it down.

There is no point in arguing the rights or wrongs of the world's reaction to the pandemic, as always the victors will write the history. The fact is for a world that was moving very fast the clock was stopped and the global economy was put on hold. We've hit the reset button. Which means:-

- Some things that were already happening will accelerate and new directions will be taken
- Some things will stop
- Some things will carry on as before
- But we will not go back to normal, this has been a major disruption, the biggest ever probably.

When the world changes, economics changes so let's talk about what that might look like and the consequences for people, businesses and governments.

To this point almost any reference to politics or religion/faith has deliberately been ducked despite economics existing within the framework of both, whether implicitly or explicitly. I want to continue to avoid faith or politics and just set out a framework that gets to a conclusion. Other people can overlay their political views or their views on humanity (if they differ from mine).

So here goes, the big reveal.

As signalled very clearly I want to start with Purpose. What are the objectives of a new economic model? **The New Laws of the Jungle**

Here's my list and quite genuinely it is in no particular order, I want them all to be obeyed.

Purpose - as far as possible everyone in society should feel they have some purpose in life. (Historically the economists described this as full employment based on an efficient division of labour.)

Well-being - we should aim to achieve a widespread sense of well-being that will in part be achieved through purpose but will also require social care. (In the past this would be expressed as adequately funding a welfare state)

Opportunity - create the means for self-improvement and the ambition to seek it. (AKA Education, which actually means 'to bring forth')

Protect the environment - Conservation, climate control, eliminating pollution - recycle, re-use, re-purpose. (AKA Sustainability)

Greater unity and equality - close the gap between the haves and have-nots, create a more cohesive sense of community at both a local, state/nation, and global level. (Historically this came under the heading of distribution of wealth)

Some people might want to add to this, or edit it, perhaps reframe them or be more precise. Others may feel it's missing some important objectives - like finding the right equilibrium between humans and AI machines, an existential concern I acknowledge.

I am a pragmatic, liberal, right-wing atheist and this list works pretty well for me but I'm open to suggestions.

My point quite simply is we can draw up the list, make the objectives clear. Then you can start to construct a new kind of economics and I will explain how.

Step one - when the objectives are clear, agree a way to measure them.

This may sound daunting, how do you measure Well-being for example, but in fact economists do it all the time. We all accept terms like GDP, the inflation or interest rate, unemployment figures and we use them to make decisions at either a personal or business level. Governments use them to set budgets and policy. You might use them to decide whether to buy a car or save more. A business uses them to make investment, strategy or planning decisions. We all use them to track the progress of things. Yet under each of these terms, like GDP or Inflation, lie a complex set of calculations and judgements on what should be included or excluded and how to weight different factors to get the fairest, clearest picture. If you knew what those were you might not agree - case in point, is it right to include people on Zero hour contracts as 'employed' ?

So don't tell me we could not figure out a way to measure my list or any such list. We've just never really tried (David Cameron former UK PM had a go but I'm not sure his heart was really in it).

If you want to achieve new objectives you have to develop new ways to measure them because the truest words ever said in management (by Drucker) are "**What gets measured gets done**".

The corollary of this is that if by chance you are not happy with the way the world works it is almost certainly because we measure the wrong things, or the right things in the wrong way - like GDP.

Step Two - change the way we ascribe value and attribute costs.

At the foundation of economics there should be a view on what should be. The evolution of economic thinking was driven by the evolution of society and thus the development of new goals reflecting that. The implementation of an economic model depends on how you set the system up to allocate resources to create value in pursuit of those objectives.

This has the potential to get quite heavy, the debate about value, resources, price and cost has been going on among economists for centuries, so I want to bring it back to some simple things we can relate to.

In the film "Blood Diamond" the journalist Maddy Bowen says that if people in the west knew what a diamond really cost in terms of human suffering they would never buy them. On the other hand lots of people pay a premium for Patagonia products not just for quality or image (intrinsic and extrinsic value in economic terms) but because they place a value on the purpose and ACTIONS of this business - conservation backed up by community events to repair, recycle, re-use.

Smokers pay more for cigarettes to cover the tax governments put on them at least in some part to reflect the additional health costs smoking creates. We're familiar with the idea of pollution tax or congestion charges. Just take the latter, someone in local government has ascribed a value and

attributed costs to excessive traffic, maybe not perfectly but they've given it a shot and put a price on it.

Throughout history we have wrestled with the relationship between price, cost and value. In economics there have been different schools of thought as to whether price should reflect real cost or perceived value, or some combination. This debate lies at the heart of the development of economics, business and what we could call marketing.

The list of 5 objectives I set out require us to make new calculations on value and cost taking into account a greater and more complex list of factors and in the past this would have been impossible. But in today's world, with the data and technology we have, it is possible - we might not get all the way there to ascribing true value or attribution real cost according to what we want to achieve as a society but we can get close enough to make a difference.

And, at the risk of setting myself up as the arbiter of the global mood, I get the impression we want to. The Pandemic and its aftermath has given us the space and motivation to try.

In the Kingdom of Bhutan they do indeed measure Gross National Happiness and this GNH covers a lot of the 5 economic objectives I laid out. Seems to be going well but Bhutan is small country, less than a million people, located in the Himalayas and until recently ruled by an absolute monarch. Benign dictatorship has always been the most effective form of government of companies or countries, but absolute power and all that, so how does this work in the real world?

I'm conscious that the first two steps towards a new economic model sound a bit naive bordering on motherhood (never a bad thing btw) but I promise you they're not. They have suffered a bit in the simplification but it really is a question of setting the objectives and agreeing how you will measure them. The really tricky bit is how to put it into practice. The question, to use a modern cliché, is where is the agency, who has the power to make this happen?

Time for an animal picture.



This is a wild dog, a magnificent animal that hunts in packs of 30 or more and is one of Africa's most successful predators, they make a kill in one out of three hunts. Cheetahs would die for this kind of success and are dying out because they are nowhere near it. But so are wild dogs, their numbers are becoming depressingly low. Very few people these days are as lucky as me to have seen a pack on the hunt. They work as a unit with incredible coordination to hunt their prey, not just chasing and corralling their target but constantly moving the cubs to a place of safety as they do so, to avoid them getting taken by hyenas while they are at work. Amazing to watch but impossible for an amateur to photograph while bouncing around in a truck that's following them. So you just get a photo of one wild dog. Why are they dying out if they are so successful? Because we've screwed up their environment. In most game parks they are not afforded the space or eco balance to make full use of their teamwork.

Step Three - Work as a Team

I've only made passing mention of micro and macroeconomics. Microeconomics focuses on individuals and firms whereas macro looks at The Economy, Governments and International Trade, a distinction that made little sense to me when I was first studying economics pre-decimalisation and has painful memories (my failure to adequately explain the relationship at interview cost me my place at Cambridge). As noted above, a lot of modern economics does not draw the distinction and I want to take this one stage further and suggest how they should work as a team.

Forgive the small diversion but I think it's interesting. To begin with we had philosophy - the meaning of life - and from that came science. Science then splintered into chemistry, physics and biology and has continued to splinter ever since. In physics we have Newtonian Physics - gravity, big stuff - and Quantum Physics - atoms, small stuff. Bit like the distinction between micro and macroeconomics. In Physics they have not reconciled the difference other than theoretically - The Theory of Everything and String Theory (which says there are 11 dimensions not the 4 we know, but have yet to prove it).

Nevertheless, it is the convergence of science that has given us the breakthroughs - we cracked DNA for example by a combination of genetics and computing, the former gave the idea, the latter proved it.

In the same way social sciences have splintered, first into politics, economics, sociology, anthropology and then again into a myriad of specialisms. We need a Social Sciences Theory of Everything to bring them back together again to drive a social agenda.

To get back on topic, we need three agents of change, based on various aspects of Social Science, to come together if we want a new kind of value economics:-

Government -Politics

Business -Economics/marketing

People - Psychology/sociology

Superficially it may appear that these are connected, Governments serve the people, Businesses serve their customers. Customers are people who need government and business to do things they cannot do as individuals. But this is just a superficial alliance - isn't real teamwork where all three are part of one aligned and synergistic whole in pursuit of commonly agreed and explicit goals, like the wild dogs?

How has it really worked up to now? Clearly not well enough. I don't want to go into too much detail - it would take too long and could drag me into politics or religion/faith/Godlessness which I want to avoid - I just want to state the obvious.

Despite all the rhetoric to the contrary:-

- We serve the people
- We are in partnership with business
- We serve customers
- We have corporate social responsibility
- We vote and buy with our conscience to make the best choices
- We want a fairer society

.....the reality is different, perhaps corrupted would be more accurate.

- We need votes and party contributions
- We serve shareholders
- We buy the cheapest and rely on government to save us from ourselves

There is no aligned purpose or at least not enough to tackle the big issues we say we care about.

So what would happen if they all came into alignment and who moves first?

The obvious answer to the last part of the question is government - they have the legislative and budgetary power to make changes.

But isn't it really big business these days with their global power that transcends national borders? Or small innovative start-ups (like Apple, Google or Facebook or Amazon were once) that can truly disrupt things (data is the new oil)?

Increasingly it is people to whom technology has given the ability, collectively, to exert more power than either government or business.

So I want to start with people, because that is every single one of us that can make a difference simply with how we choose to spend our money.

So imagine this (and remember the future is what you imagine it to be):-

People start to make choices on the basis of real value, to them as individuals and to society as a whole, and the real cost, to them as individuals and to society as a whole. If people make the first move they will not have all the information necessary to do this but they will have enough to make a difference.

- They can switch 25% of their diet to plant based (even just a day or two a week)
- They can decide, on the basis of their record on human and animal rights, to avoid anything made in China wherever possible
- They can take one or two fewer flights every year, work from home at least part of the week, sell their car.

They is of course we, you, me.

Business operates at the margin so just small shifts in purchase behaviour have a big impact. Businesses are also run by people who share the same society, so more and more are motivated to put social purpose into their business operating models to create more real value, and if they have to start paying all their costs including the impact on society they will seek to reduce those.

This will gain momentum if government starts to legislate and apply fiscal policy to ensure that products bear all their costs. If a product causes pollution/waste, impacts health or crime they have to take their share of the costs of that by making better use of data and technology to assign cause and effect. If that sounds again a bit utopian and naive I'd point out that some people already do, some companies already do and some governments already are. The momentum is already there.

Michael Bayler with whom I collaborate on occasions has written a very good paper on what a real value driven proposition looks like for a business as opposed to the typical fig leaf CSR Initiative. ('Greater Expectations' paper available on request from michael@bayler.com). There are good businesses that are ahead of this.

The trends towards people-movements (in some case militancy) powered by social media is also evident from the streets of Paris to Hong Kong, and more people are turning towards responsibly sourced and made products with a point of view on the world they like -not just the Patagonias but a host of start-ups

Depressingly there seems to be a lack of Governmental and Global leadership.

So I think we need to start with people rewarding the authentic, progressive businesses and punishing the fake and faint hearted.

That's how leopards change their spots.

Is/was Covid such a game changer?

The arguments and ideas above rely to a degree on the assumption that the Pandemic has not just been a short term Panic-demic. By the time some people read this a vaccine may have been found. Won't I look stupid if everything has gone back to normal. Perhaps but I don't think so - I may look stupid but things will not go back to normal.

Why do I say this? For a number of reasons:-

This has been the first global event since either a volcano or a very big meteor caused the extinction of the dinosaurs. At virtually the same time just about everyone everywhere felt the threat if not the actual impact of the virus. We were all in it together and it was scary. We could not just say that this wasn't our problem or it could wait.

Everyone's behaviour changed, not their attitudes, their behaviour. And contrary to popular belief social science says that changing behaviour changes attitudes. Some things may go 'back to normal' but given we have had to work, shop, socialise from home, do without lots of things from travel to 'non-essentials' we have had to reappraised what we value. Everyone I have spoken to, young and old, have talked about changes they have made and intend to continue. Some won't but a lot will.

A lot of people, maybe not everyone or even the majority, but enough people are taking the view that we should not waste this crisis. We have seen what is possible when the need arises. And what a waste of life and livelihoods if we just go back to the way we were before.

Any event anywhere near this magnitude has created enormous social change from the Great Depression to the Great War. Every such event has changed the economics.

The tectonic plates have shifted and the conditions for real change are there. It's an opportunity to make it a positive change. And what makes me positive is that it doesn't require government or the UN or Big Business to create the change. We as individuals can change what we do and what we buy - we can change the economics. We can create a new Values Economics with a social agenda and reverse engineer the stated objectives and measurements. True democracy - power to the people.

The Implications for Marketing



When you meet your Ranger they always ask you what animals you'd particularly like to see. If it's your first trip it will probably be "The Big Five" - Buffalo, Rhino, Elephant, Leopard and Lion, especially Lion. No-one ever forgets the first time they see a Lion up close, with nothing between you and them because you're sitting in an open truck. When with a ranger in Africa it's fun to ask if they can make sure you see a tiger, they love that.

I'm teeing up the idea of The Big Five for a business leadership team and where marketing fits into that but first let's take stock of the argument so far.

This was written as a sequel to my eBook, 'What's wrong with marketing (?)' (WWWM) and I gave the summary of that right up front. The pillars of the argument in this article are:-

1. Marketing is an extension of economics created by economists. Better marketing means better economics. New economics = new marketing
2. As society has evolved over time Economics has evolved to address new priorities. Society has become more complex, so the objectives have become more complex - not just 'full employment' or GDP growth.

3. We need a new economic model that gets us beyond unsustainable growth in consumption and purely financial value. We need economics with a social purpose.
4. To change what we strive for we need to change what we measure.
5. People can make the change happen and perhaps this pandemic has given just the shock to the system to make that happen.

In the WWWM eBook I explain why the purpose of marketing has been to make more people buy, for more money, more often and in more places, in other words to shift the demand curve, because it sprang out of a capitalist free market model of economics. The purpose of marketing has been to create growth as measured financially. This motivation gets you to an obsession with the 'consumer', beating the competition and aligning the whole enterprise to these goals. Don't shoot the messenger, these ideas are explicitly stated in the works of people like Levitt and Drucker.

Business may have grown a conscience (or been forced to) but as Michael Bayler says in his paper 'Greater Expectations' corporate social responsibility has been more about keeping the critics quiet, something you do aside from the main business in order to get on with business. It only becomes a purpose if it is why you do business and the way you do it.

Which is why I challenge the idea that for a marketing oriented business you should be obsessed with the customer - No. You should be obsessed with your purpose. Of course you should understand people but you should not fixate on what they want. They don't know what they want, you may not have shown it to them yet and you can see further than they can. This by the way is heresy to today's marketers but my contention is that the businesses we most admire and which are often the most financially successful are driven by an obsession with what they do, why they enjoy doing it and how it can in some way change the world.

If the economics changes in the way I outline (and it might not) then the customer is not the focus, the purpose is, and in the context of that purpose the role of marketing is to create value that goes beyond intrinsic or even extrinsic value of what you sell to include the value it creates for society. I would suggest it is some other person's job in the team to ensure that that it does so for the least real cost including all the attributable costs. It is governments job to legislate and design fiscal policy to ensure a business carries all these costs and is incentivized to minimize them.

The Big Five

In this new economic model the role and purpose of marketing in a business is best understood alongside all the other roles in a leadership team. One role is the CEO, the Lion, the head of the pride. There are then 4 other roles that correspond to the necessary assets and know-how of any business:-

- Reputation
- Human
- Financial
- The means of production.

I could care less what the actual titles are (or even if it is 4 other roles, it could be more or less depending on the actual business and the nature of what they do, their stage of development etc).

However, to make things clear here is a simple line up:-

- **CEO - Chief Executive Officer**
- **VCO - Value Creation Officer**
- **CFO - Cost and Finance Officer**
- **PTO - People and Talent officer**
- **ODO - Operations and Delivery Officer**

You could call the VCO the CMO, Chief Marketing Officer, if you want as long as marketing was understood as value creation. What you would NOT call them is Chief Growth Officer or Chief Revenue Officer.

What things would fall under the responsibility of the VCO?

To avoid this turning into another eBook rather than an article/paper I will try to cover this in more detail another time but my headlines are as follows:-

- Reputation and external stakeholder management
- Customer experience and engagement
- Product design
- Social research and intelligence

This can be tracked back to the remit of a CMO today - Brand/market strategy, Communications and PR, market research, innovation - but in a purpose driven business operating within a purpose driven social economic model and an uber connected, transparent, omni world (again explained in more detail in the eBook WWWM) this is a significantly bigger role. I think it also makes it utterly clear why the VCO is a vital member of the leadership team - that has never been widely accepted in the case of the 'marketing director' or CMO and changing the name to CGO or CRO did not really help.

I'd love to go into more detail but as I say, another day. Here comes the last animal photo.

Change the World: Have fun: Make Value



The Cape Buffalo, one of the Big Five and probably the second most dangerous animal in the bush, the first being the hippo. I should use it as a nom de plume, not because I'm that dangerous, and not to imply I'm a wise old bull, just big and grumpy.

We're drawing to a close, if you've made it this far well done and thank you. I have no pretensions for this article/paper/essay, I'm not expecting it to get adopted by a UN resolution or go viral (we will need to find an alternative to that expression). It's just a contribution to the zeitgeist. Some brain stimulation.

Space for one last personal whimsy on purpose and values.

Many years ago I was asked by a very large telcomms company to write a set of values for them. I wasn't even part of the agency team working on the account, the order had come from the CEO via the master delegator that was their CMO via our team to me. Laughable, I knew nothing about them but they were paying us a lot of money so I gave it a go and to the best of my knowledge they were used, for a while. They took me less than an hour to write. I just laid out the normal crap about winning with the customer, valuing our people, commitment to innovation and respect for shareholders. Plain vanilla with some nifty writing.

It got me thinking about values and mission statements and with apologies to anyone who has ever worked with me since and has therefore heard this a thousand times, there is only one mission statement:-

1. Change the world
2. Have Fun
3. Make money (better still, create value)

You just have to work out in what way do you want to change the world, what do you think of as fun, how much money is enough? That drives your values.

You then have to decide what order you put them in. The financially successful businesses will put making money first. I think the order I've given is the right one. But if you have a purpose that will change the world for the better to whatever degree you can, it will create value and that is fun.

It works for people as well as businesses. Give it a go.

Mark Sherrington June 2020

Footnotes

Douglas Adams, a wonderful writer, once said anyone can write, the skill lies in what you leave out. I'm not sure how much skill I have as a writer or self-editor but I did leave a lot out that I'd intended to include.

Demarketing - this was one of my big ideas in my eBook 'What's wrong with Marketing(?)', the reapplication of marketing to suppress consumption. I still think it is relevant but the thinking in this article goes further so I decided not to revisit it.

Data Ownership - providing the means for everyone to own and transact their personal data was the another big idea that I'm passionate about. I think it could change everything and I'm doing more research on it and how block chain could be the technology that makes it a reality. Too big a topic to shoehorn into this so I'll leave that for another article.

Developed versus Emerging Markets - I'm always very conscious that my perspective is a very developed market one. The world looks different if you are part of the 'other 3 billion' who face abject poverty every day in emerging countries. Apologies for that, I think data ownership does offer part of a new solution but it's too big a topic about which I know too little to cover here.

Nudge Economics - this is an important part of Thaler's Behavioural Economics that won him the Nobel Prize for Economics. It has real value and feels very relevant to new marketing to me. I could not do it justice and did not want to put it under a heading "A higher form of ignorance" so I skipped it. Why am I so rude about Behavioural Science/Economics/Marketing? Because they are cultish, 100% sure they have all the answers and no-one does (I call them Behavioural Scientologists).

Socialism - ducking politics is not easy given an economic system is an extension of a political system. The model I outline could be seen as socialist economics and since social purpose lies at its heart that is understandable. All I was trying to do was reflect what I sense are the things people care about. I'm not a socialist, I believe in small government spending as little of our money as possible and controlling few or no enterprises unless absolutely necessary and always alongside the private sector. I think value economics is different to Socialist or Marxist economics but explaining why would be a lengthy topic.

Acknowledgements

Wikipedia - I have just made a contribution to Wiki and would encourage everyone to do the same. I use several sources to dig deeper on a topic but Wiki are reliably a writer's best friend and make you sound smarter than you are, an area I need help with.

BBC Radio 4 - I bore everyone with my love for Radio 4, makes me proud to be British and consistently a source of so much pleasure and knowledge for me, some of which I have used here.

African Rangers - I treasure any time spent in the bush and hugely respect and appreciate the wild life education the various rangers have given me. Learning about wildlife and the ecosystem gives a much needed perspective on life, how it should work and what should be important.



About the Author

Mark Sherrington is a career marketer. An economics and social sciences graduate he learned his trade with Unilever where he held various Senior Marketing positions.

He co-founded The Added Value Group which he led until it was sold to WPP in 2001. During that time he helped develop strategic marketing and creative development tools that went on to form the backbone of marketing operating systems for many of the world's largest businesses and most famous brands.

He was Group Marketing Director on the Exco of SABMiller Plc from 2002 to 2006, supporting the transition from a regional player with operational strengths to a more marketing-led, global player. He led the turn-around of the Miller brand in the USA and the development of their international brand portfolio including Peroni.

He chaired a Digital Agency (later sold to WPP) where he added e-marketing to his classic marketing credentials.

In recent years he has invested in, and sat on, the boards of several marketing technology start-ups.

He is the author of 'Added Value: the alchemy of brand-led growth', was on the editorial board of Market Leader, the journal of the UK Marketing Society of which he is a Fellow.

He has written several articles on strategic marketing and connected marketing in a post digital age.

Mark lives with his wife in Cape Town, enjoying, until recently, frequent visits to Europe and the USA.

