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HOLISTIC VALUE MATRIX □ A TOOL TO CONTROL THE DAILY IMPLEMENTATION OF CHRISTIAN VENTURES IN LINE WITH THE ENCYCLICAL LETTER

ABSTRACT

The truly Christian value creation concept of companies is more complex, than the current mainstream approach. The difference is rooted on one side in the anthropology, i.e. how we define “man” – in the Christian approach we not only consider the physical and intellectual layers, but the spiritual, too. On the other hand we switch from the shareholder- to an extended stakeholder-approach. By combining the two dimensions we end up with the “Holistic Stakeholder Value Matrix”. Having the goal of fulfilling all the aspects of the matrix is a real paradigm change in business - in line with the encyclical letter.

JEL Code: A13, D64, L21

EXECUTIVE SUMMARY

Value creation has always been in focus. Historically the drivers with the proportionally highest value creation impact have changed significantly – by now, what really counts is more and more the person – or even the personality! The ideal leader is a professional with spiritually driven personality. The Christian system gives a closely linked answer-set for the mission-vision-strategy of both man and economy. Human beings can have an identity of three layers, according to our faith in spirituality. The leadership can be accordingly different. The levels show a trend from the individual to the community approach. The latter forces us to switch from the shareholder- to a holistic stakeholder-approach. By combining the three layers (physical, intellectual, spiritual) with the broadest stakeholder approach we end up with the Holistic Stakeholder Value Matrix. This is the way, how business becomes really more than profit. This is not just theory, there are plenty of examples of business buzzwords – to be redefined in the view of holistic stakeholder value approach, or business situations and methods – to be managed differently in case of the holistic stakeholder value approach. Last summer, Pope Benedict XVI issued the encyclical letter *Caritas in veritate* (Charity in truth), which confirms the above thoughts. The focus is on the future and explains that the basis of hope is the love – truth – development trio. If we believe that “God created man in his own image” (1 Moses 1:26), then it implies that „charity in truth ... is the principal driving force behind the authentic development of every person and of all humanity” The new main pillars “fraternity” and “reciprocity” are closely linked to the Holistic Value Matrix approach, therefore to me as a businessman, the call for a paradigm change regarding economy is the most relevant invitation that I try to realize at my companies.

EVOLVEMENT OF THE CONCEPT

Historically the drivers with the proportionally highest value creation impact have changed significantly; and show a trend. Following the historic timeline shows a growing level of abstraction: After directly utilized natural resources such as land, coal, or oil, it was the financial resources (capital) to be used in the industry (such as assets, machines, or technology) that stood in focus. Today however, an even further shift can be observed towards service orientation based on human resources. This led to the central role of information management, innovation, and the personality. It makes sense to further analyze the latest ones. As seen above, what really counts is more and more the person – or even personality! The ideal leader is a professional with a spiritually driven personality. The following table shows the enhancement of leadership dimensions in the past 20 years. Note that these characteristics of the given decades are not to be considered

instead of the previous ones, but in addition to them, as the idea of leadership gets more and more complex.

Way and mode of value creation	Brand, intellectual property know-how	Leadership, Corporate culture, Team-synergies	Vision and adaptation to the environment	All the previous ones, but in the frame of a system
Necessary capabilities	Fine-tuned intellectual skills and capabilities	Motivation skills, Co-operation, Team spirit	Strategic approach, Cause and effect ("Big picture")	Holistic, complex system approach
Measuring at selection of leaders	IQ , degrees, languages	Emotional intelligence (EQ), empathy, in-culturation	Assessment skills (AQ), commitment, adaptation skills	Value driven AND living accordingly (SQ)
The ideal corporate hero arche type	Successful lonely "work-aholic"	Leader = trainer	"After me!"	"For each other – with each other!"
	The 80's	The 90's	Nowadays	(Near) future

Leadership dimensions in the past 20 years

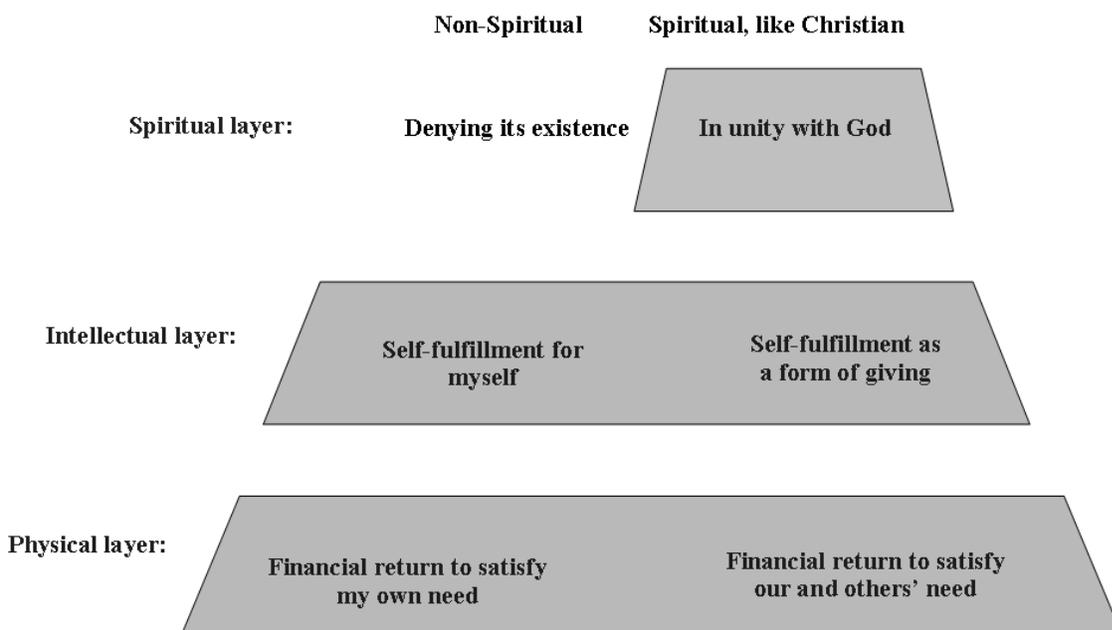
According to this theory, the future is built on a more community-based approach, and – because of thinking in complexity, that is, in a system – it values an authentic personality.

The Christian system gives a closely linked answer-set for the mission – vision – strategy of both man and economy. If we believe that man was created as the image of the loving God, then

- Man's mission is to become similar to God – while the economy's mission is the implementation of love in economy.
- Man's vision is to be integrated into Trinity – while the economy's vision is a „demo“ of heaven.
- Man's strategy is to act as a "homo spiritualis" – while the economy's strategy is a network of spiritual companies.

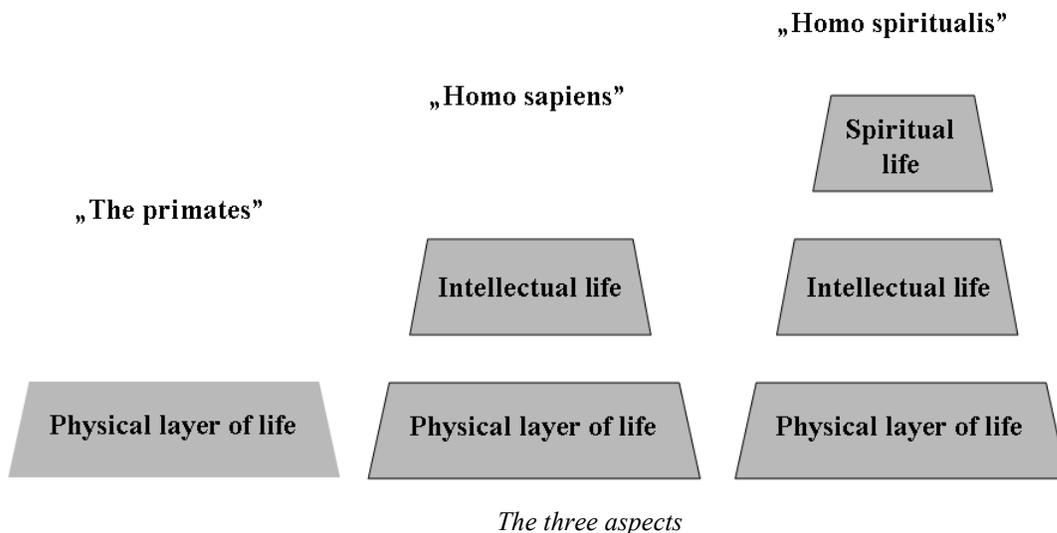
Living accordingly is (or would be) the real challenge of man and mankind!

Now considering another approach, human beings can have an identity of three layers.



The three layers

According to this concept, the *physical layer* refers to skills and capabilities related to hands, muscles, the senses, etc. It is measured by the physical output. The person, on this level, is considered as an individual. The physical layer is followed by the *intellectual layer*, linked with the mind, emotions, or will. It is measured as IQ, EQ, and AQ. This level considers the person in relationship with others. As for the third level, the *spiritual layer*, it is based on and linked to the transcendent. On this level, the person is aligned with God. Achievements, results, or “expected returns” are level-based and are aligned with our faith in spirituality. As a result, we can define human beings in three ways, depending on which level their driving forces come from.



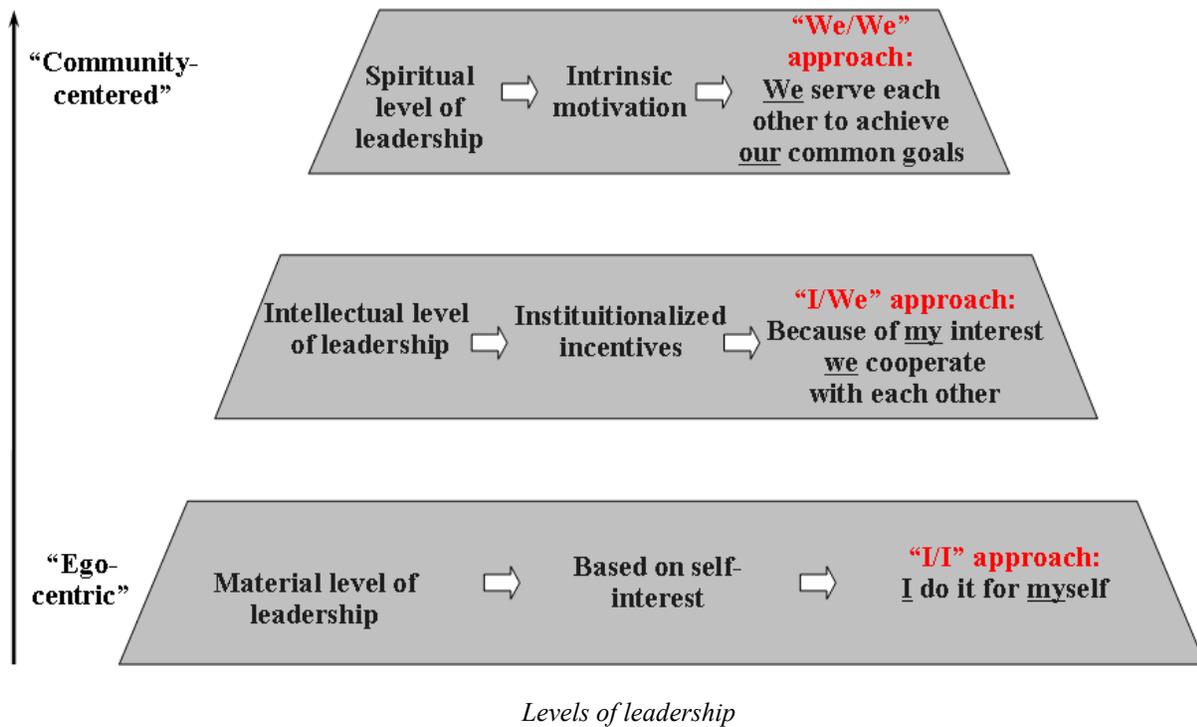
Though not everybody, but most people get to the second stage – it seems enough; at least in the economy or in business life... Thus the real challenge lies behind the question “Do we get stuck at the intellectual level?!” Therefore, the determining choice lies between the physical level (broadened by companies with the second, intellectual level) and the spiritual level. The “*Homo sapiens*” concept brings with itself the following way of thinking:

- We declare the intellectual level as the highest one.
- This drives our approach towards the – only as immanent acknowledged – world.
- I am in the middle – everything and everybody is a tool only.
- Economy is a fight, and I want to win, because then I am better off...
- ... because I will have more money, to be used for positional goods (as much as possible; consumerism).
- Economy, management and their methods are tools to achieve my goals.

As a contrast, the “*Homo spiritualis*” is a different idea and philosophy of life:

- We accept the existence of a spiritual level as well, moreover, we acknowledge it as the highest level.
- We think in a permanent world-view, the integration of immanent and transcendent.
- While I love myself, the center of my life is God (in case of Christians, the Holy Trinity).
- Economy also means a thinking in “we”, and shared activities for the public good.
- Our happiness is based on the relations of mutual love. Money is a right to take part in the re-allocation of goods.
- Economy and management are possible fields for implementing love.

Taking a step further, we realize that even the leadership can be accordingly threefold. The levels show a trend from the individual (“Ego-centric”) to the community (“Community-centered”), too.



THE HOLISTIC STAKEHOLDER VALUE MATRIX

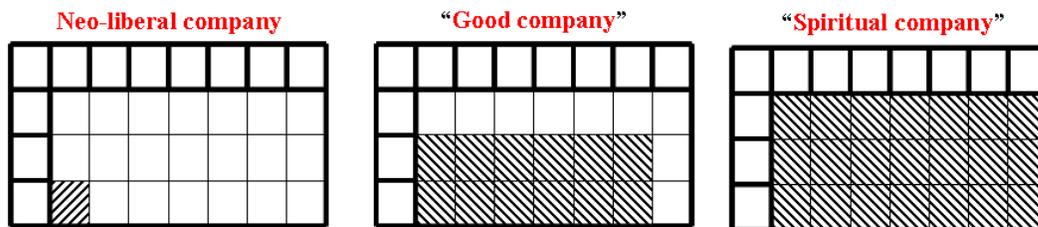
The “We/We” approach forces us to switch from the shareholder- to a holistic stakeholder-approach, which is the real “common good”. Only the extended stakeholder-approach can assure a balanced responsibility among the

- Owner – as founder, ultimate decision maker, who keeps the entity alive
- Managers – who are responsible for the operation
- Customers – paying for the products and services
- Employees – delivering added value
- Vendors – to be relied on (quality, time, cost)
- Creditors – believing in our future
- The state – representing the macro environment (tax, etc.)
- The micro environment – as local responsibility, and
- The next generation – including environment protection, and sustainability.

Extending this list with the Christian approach means that even the poor of the society to be supported are considered as stakeholders.

By combining the three layers with the broadest stakeholder approach, we end up with the *Holistic Stakeholder Value Matrix*. The Stakeholder Value Matrixes of the different approaches are different in their targeted fields, as business becomes more than profit. This is illustrated in the figure below. The more we want to follow God’s strategy, the more complex and holistic the stakeholder value matrix becomes.

Stakeholders Layers	Shareholder	Employees	Customers	Vendors	Society	Future generations	The poor
Spiritual							
Intellectual							
Material							



The Holistic Stakeholder Value Matrix

So what does this mean in practice? As a result of the Holistic Stakeholder Value Matrix and concept, business can be redefined in the view of the holistic stakeholder value approach. Examples of business buzzwords include:

Team spirit: Instead of selfishness think in “We”, rather than “I”. Be aware, that the relations trigger value both for the company and for the personal happiness – and you get to the Gospel’s mutual love.

Ergonomics: Implementing empathy, based on “love your neighbor, as you love yourself”.

Environment protection: Responsibility for the future generations – “Do not steal”.

Quality: Not to be targeted because of an external “must”, but due to a voluntarily intrinsic motivation based on the happiness of “it is better to give than to take”.

Corporate culture: Cultures can be very strong differentiators, representing the value portfolio of the owners and managers. Directly linked to the different holistic stakeholder value matrix approaches.

Value Statement: Take it seriously, not as marketing tricks. Implemented Value Statements do create financial, intellectual as well as spiritual values.

I encourage leaders to continue the examples; to re-think and re-define their whole business vocabulary.

Other examples – demonstrating that this is not just theory – come from business situations and methods managed on the holistic stakeholder value approach basis:

Keeping deadlines of payment instead of exercising unfair pressure on vendors to achieve lower prices by withholding/delaying justified payments: Intellectually sound and fair management practice creates value at the vendor both financially and intellectually, and may or may not create value at the “owner/financial” box in the Matrix through long-term reliability, too.

Positive discrimination: Taking into account personal, family, and community aspects as well at the compensation system. Creating value at the “employee/financial” box, while reducing at “owner/financial”, but increased motivation and low HR attrition may even counterbalance the costs

Value driven HR selection results in better atmosphere and less cost spent on supervision, internal audit, security, and forensic services.

Role model managers create team spirit (“employee/intellectual” value), which results innovations (“owner/intellectual and financial” box).

Donation as matching fund: Practicing the culture of giving and unity through matching fund – a voluntary personal donation contribution, matched with company donation. It results in “financial”, or if pro bono work, even “intellectual” value for the receivers. Unity – as spiritual value – is created jointly by employees and the employer. The practice means a higher level of commitment, and more loyalty – a win-win situation.

The examples, again, can be continued – at your own company, in your own daily practice.

EXTENDING THE CONCEPT TOWARDS THE ENCYCLICAL LETTER

The economic crisis demonstrated that the neo-liberal view in business has failed. The encyclical letter of Pope Benedict XVI could be a philosophy pointing ahead, the third road besides the centrally governed socialist economy and the neo-liberal market economy. The personal paradox of economists/ leaders/ owners regarding the basic ideas of life is an interesting fact. They are using many concepts in “working time”, however these ideas are lacking what these people prefer and value the most outside working time; that is, as a private person. During “working time” – according to the mainstream – money is the road to prosperity through so-called *positional goods*. It tries to remove, eliminate the “other”, to be able to acquire and possess “goods” (automatically considering positional goods) alone, for the sake of „positioning the ego”. (“*Possessing a Ferrari will make you happy, because at last you are someone!*”) However, it can be proved through both experience based approach, and through scientific examinations, that an attitude to the other by giving, and such relationships, are the way to happiness. The previously mentioned manager is happy when his son flings his arms around his neck at home! Man will become happy through love – a self-imposed, reciprocal and unselfish giving based on relation, interaction, that aims toward the other party is what results the “*relational goods*”. The choice, the decision is again determined by our faith: Do we want to become happy by “gaining/acquiring based on defeating” the other, or by “giving” to the other?

Our spirituality can and should be intellectually founded, too. Do we *see* the system? God is the absolute, non-created Love. The features – and role model for us – of the Trinity-type love are: **unlimited, ongoing, and mutual**. Love is giving (totally) – this is why and how men have been created. Thus man, with all its aspects, including economy, is an active part of God’s spiritual plan. This plan is good as a system and good for man – this is the message of the Gospel. Through a series of revelations he lets us, at least partially, understand that our mission is, in every aspect of life including economy, to prepare ourselves for mutual love, as completely as possible. This – according to our vision – results in a merger into the Love of the Trinity. And the **strategy** is to get aligned with God’s strategy.

Do we *acknowledge* it? “Admiring God” means that we accept and acknowledge God’s system as ours, „with all your heart, and with all your soul, and with all your mind”.

And the ultimate, most important question is: Do we *implement* it? Do we implement it, as much as we can, always and everywhere – even in the economy?

The first real Vatican economic policy and strategy could be the model of moving out of the present situation. Last summer, Pope Benedict XVI issued the encyclical letter *Caritas in veritate* (Charity in truth), which confirms my thoughts. Most of the entrepreneurs don’t usually read encyclical letters, because we believe “that’s the priests’ business”. However, it could be leveraged as a help for living our everyday lives, thoughts, words, actions, and relationships according to the Christian values, with true human dignity. It addresses all of us, since what it deals with is the

- Society (family, community, state, global and local organizations and politics)
- Economy (entrepreneurship, (world) market, management, HR, profit, taxation, legal forms, globalization, stakeholder theory, trade union)
- Technology (engineering technology, biotech, environment protection, etc.)
- Human person (regarding anthropology, technology, sociology, psychology).

When reading the encyclical letter, one feels the work of many experts, and yet it still isn’t intended to be a scientific writing, but a lively answer to the challenges of our time – which is an **entropic crisis**. It is global in the aspect that the frequently repeated expression, that its subject is the development of “every person and the whole person”. The experts of the Pope do not consider the current “crisis-set” to be dialectic, i.e. the crisis of an inner, soluble contradiction, but entropic, that is, a crisis on the level of the system itself, it is the meaning of the previous system that has been questioned and the solution is not within itself.

The focus is on the future, and explains that the basis of **hope** is the *love – truth – development* trio. It is good to clarify what we mean by the above notions, because it is not obvious. “God is love” (1 John 4:8) and Jesus “the way, and the truth, and the life” (John 14:6), and they form the unity of the trinity.

“It gives real substance to the personal relationship with God and with neighbor” (2). Thus the soul is in

relations, relationship is the essence, not the material, or the logic, or even the sentiment. "If we love others with charity, then first of all we are just towards them." Because "I cannot "give" what is mine to the other, without first giving him what pertains to him in justice". (6) Therefore the "must do" category should not be confused with real "giving". And the "must do" category contains the right of every person for a normal life. "Truth, in fact, is *lógos* which creates *diálogos*, and hence communication and communion" (4). This implies that real community is based on justice. "On the one hand, charity demands justice ... on the other hand, charity transcends justice and completes it in the logic of giving and forgiving" (6). Thus these two are strongly connected, as is visible in the English language grammatically as well ("giving" and "forgiving")... Do we believe that God created man "in his own image"?

Now, if we believe that "God created man in his own image" (1 Moses 1:26), then it implies that "charity in truth ... is the principal driving force behind the *authentic development* of every person and of all humanity" (1). So "integral human development is primarily a vocation, and therefore it involves a *free* assumption of responsibility in *solidarity* on the part of everyone (11)". This is the manifestation of the voluntari vocation, that is, to become an instrument of God for the benefit of others, so as not to expect development from someone else, but at the same time not to be egocentric. Also, "What we hold important is man, each man and each group of men, and we even include the whole of humanity. ... if it does not involve the whole man and every man, it is not true development (18). This means considering man in its entire reality (not only as colleague, husband, neighbor, client, artist, controller...) *and* considering the whole world, with a godly approach of globalization. Furthermore, "progress of a merely economic and technological kind is insufficient" (23). Therefore, neither economy, nor technology is impartial, not that either should be, rather overtly based on love.

Another quote shows a different aspect: "responsibility on the part of everyone with regard to everyone, ... cannot therefore be merely delegated to the State" (38). Thus, if everybody is our brother/sister, we should be responsible for everyone – without professional, national, geographic, etc. limits! This leads us to hope, to which the new main pillars „fraternity" and „reciprocity" are linked. Hope "takes first place in our souls as a sign of God's presence in us, a sign of what he expects from us." (34) Theoretically, hope is connected with living in the future, but by relying on the one living in us, hope based on the present moment and on the future is in harmony. The only hope for realizing the benefit of everyone is if not everyone seeks his/her own personal benefit, but rather the "common good"! This includes myself as well – that is, I do not need to love my neighbor *more* than myself, but „only" *as* myself... The realization of the own delight of life for a spiritual person contains the delight of life of the other person. The French revolution has also "invented" *liberty – equality – fraternity*. But by starting backwards, fraternity – which up to now has been missing – would incorporate liberty and equality as well! "As society becomes even more globalized, it makes us neighbours, but does not make us brothers." (19) There is no (charity, fraternity, and) development without reciprocity. By now we have gone through the basics of the social doctrine of the Church.

To me as a business man, the call for a paradigm change regarding economy is the most relevant invitation. "The market is subject to the principles of so-called commutative justice, which regulates the relations of giving and receiving between parties to a transaction. ... Without internal forms of solidarity and mutual trust, the market cannot completely fulfill its proper economic function." (35) Therefore it is possible and necessary to coordinate the integration of market, equality, solidarity, and trust. The economy, and business should (also) also have a moral basis: „Thus every economic decision has a moral consequence." (37)

"Both professional competence and moral consistency are necessary. When technology is allowed to take over, the result is confusion between ends and means". (71) Thus professionalism, and applied technology should be in harmony with morality. "In recent decades a broad intermediate area has emerged between the two types of enterprise. ... one which does not exclude profit, but instead considers it a means for achieving human and social ends." (46).

It gives an approach with which we can *sæ* with, and one more step ahead brings us to *ad* as well... What we receive through the encyclical letter is the recognition and the approach of a system – something that we can apply everywhere. "Globalization, a priori, is neither good nor bad. It will be what people make of it. We should not be victims, but rather its protagonists, acting in the light of reason, guided by charity and truth."

(42) It addresses the state, politics, the environmental issue – everyone can find their specific field – and start action in line with this approach. And don't let us be fooled: "When the State ... actually imposes forms of practical atheism, it deprives its citizens of the moral and spiritual strength that is indispensable for attaining human development" (29) Every encyclical letter is worth as much as *we* accomplish from it! My approach of Holistic Value Matrix is a tool for the implementation.

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Saint-Eustache Church interior



"L'Écoute" ("Listen"), a seventy ton abstract sculpture near St-Eustache created by Henri de Miller



Saint-Eustache Church in Paris

Photos by Dr. Antal Szabó ©

Saint-Eustache Church is a church in the 1er arrondissement of Paris, built between 1532 and 1632. The name "Saint-Eustache" refers to Saint Eustace, a Roman general who was burned along with his family for converting to Christianity. The church's reputation was strong enough of the time for it to be chosen as the location for a young Louis XIV to receive communion. Mozart also chose the sanctuary as the location for his mother's funeral. Among those baptised here as children were Richelieu, Jeanne-Antoinette Poisson, future Madame de Pompadour and Molière. Each summer, organ concerts commemorate the premieres of Berlioz's *Te Deum* and Liszt's *Messiah* here in 1886. The church boasts also some of Paris' largest organs.

Source: Wikipedia