

A Different Business Plan

The behind-the-scene stories of a successful entrepreneur

BY JOHN WELCH

THE BEGINNING OF THE 21ST CENTURY has brought abrupt surprises to the global business community. Previously comfortable havens of economic, political and market security have been shaken at all levels. Changes have been so rapid as to catch many managers unprepared. We have seen major publicly held corporations sacrifice operational and moral integrity in misguided efforts to show quarterly financials that might reassure investors. Globalization, which has its positive aspects, has on the other hand destabilized many companies and their employees.

Our privately held company, formed in 1988, makes premium quality musical instruments which are marketed worldwide. Even in our upper-end market niche, we have not been immune to rapid changes. Possibly the biggest challenge has been to find the market quickly flooded by Chinese instruments which offer surprisingly good quality at extremely low prices. In a very short period of time, many of the most respected European and American manufacturers have diminished their own production and are distributing instruments sourced in China. Some now exist only as brand names. By focusing on even higher quality, rather than cutting prices, our company has managed to survive and go ahead. This was accomplished without pushing any employees out the door.

Focus

A couple of years ago, I was in the audience at a program for entrepreneurs. One of the speakers, a Muslim, began his presentation by saying, “The most important thing in business is to do the will of God.” From my experience, I can confirm the deep truth in his words. Possibly before encountering the Focolare Movement and its spirituality I would not have understood. Today our company has evolved a particular character deeply influenced by the Focolare spirituality and by the principles of the Economy of Communion in Freedom (see box). These characteristics did not evolve overnight. There are two of us, a Catholic and a Protestant, who are committed to quietly trying to put the words of the Gospel into practice. This vital lifestyle is in no way imposed upon our employees or anyone else. I will give you some examples.

Employees

On my way to work one Monday morning I formulated a list of priorities. At the top of the list were dealers who were delinquent in paying invoices. I needed to immediately make phone calls to accelerate cash flow.

When I arrived in the office, one of our employees, a recent refugee from Bosnia, came to me in great excitement. He showed me a real estate flyer and said, *“My wife and I have found this wonderful house for our family, and we can afford it. Tonight we are going to make an offer to the owner.”* I asked him if they had a mortgage commitment from a bank. He had no idea what I was talking about. I immediately understood that I now had a new unanticipated priority: to “seek first the kingdom of God” (see Mt 6:33).

Within an hour, we were at the headquarters of our corporate bank. The mortgage loan officer and I divided up the phone numbers of the family’s creditors to request that reports be faxed to the bank. At 4:30 in the afternoon the bank officer phoned me. *“Tell them that they are approved for a mortgage, and that they can make their offer on the house.”* Their offer was accepted that evening.

The next morning I went to the main post office to pick up our company mail. Inside our post office box were checks from all of the dealers I would have phoned. Although we do not rely entirely on Divine Providence, it is a constant contributor to the wellbeing of our company, and confirms the value of our priorities.

The effort to put into practice the commandment of Jesus, “Love one another, as I have loved you” (Jn 15:12), gives a rather new twist to human resources management. It requires us to ask ourselves “What is love for this person?” It is not a weak panacea that overlooks negative realities. In that regard, I am always impressed by the way our executive vice president immediately identifies and corrects an employee-related quality problem. He is very clear that it is something unacceptable, but he does it in a way that is not personally degrading or threatening.

At one point in the development of our company I discovered that a high management person in our East European subsidiary was consistently stealing material and finished products after everyone had gone home at the end of the day. I could understand why that would happen. He had lived his whole life in a Communist state where the accepted way to survive was to steal from state companies that paid nothing to their workers.

I flew to Europe and dismissed him. It was extremely difficult for me. We had developed a close personal relationship, and I was also removing someone who was very critical to the technical and training development of our new subsidiary. I asked myself, “How can I do also this out of love?” The answer was clear. To love that person was to give a very strong message that the old ways of a defunct system are no longer acceptable. I recently saw him at a European trade show. He came up to our exhibit and greeted me with warmth.

A few months ago, we had a Going Away Party for an employee who had been offered a better paying job with another company. To our surprise, the next Monday morning he was waiting at the door when we opened. He said, *“Can I come back? My wife and I decided over the weekend that I would be crazy to leave this company.”*

Dealers

Our instruments are distributed through a limited number of “Exclusive Agents” who are top dealers throughout the world. One of our dealers had been a strong member of our distribution network for years. Two years ago he encountered financial problems. Payments ceased to come in. I would call this delinquent dealer to see what was going on. I am convinced that in such cases it is better to be free from harboring bitter judgments. One time, I could tell that he was choked up at the end of our phone conversation. “*Everyone else is calling me with threats,*” he told me. “*You call and give me encouragement.*”

End Buyers

Adherence to Christian ethics has even influenced our product warrantee policy. If anyone discovers a structural or workmanship problem in one of our instruments, no matter how old it is, our dealers know that we will immediately repair or replace the instrument. It’s a totally unique policy in our industry, and has become a strong marketing asset that communicates our uncompromising commitment to quality.

Suppliers

We have vendors we buy accessories from. In business there is a somewhat prevalent axiom that “it’s good business” to use other people’s money as long as possible. Contrary to that mentality, we pay promptly. In this the Golden Rule—“Do unto others as you would have them do unto you” (Lk 6:31)—is also good business. Our vendors have a strong reason to give us their best service and product consistency.

Competitors

A couple of weeks ago we visited a competitor’s factory in Eastern Europe. They were struggling with some technical problems. We could help them, and we did. When a competitor is doing a good job, we are the first to praise their efforts when speaking with dealers. This obviously helps the competitor, but it also gives us great credibility with the dealers and enhances their image of our company.

This life can be lived in any organization. I think of someone in our local community who lives the Focolare spirit in his middle management position with a major pharmaceutical company. Much to his surprise, he was asked to be part of a top management group that was responsible for planning research projects. When he asked if there was some mistake, they told him, “No, you’re our conscience.”

John Welch is CEO of Consort International, sofia-violins.com

Captions – all photos are by Todd Matus:

Consort International, an Indianapolis-based company, is known worldwide for its *Sofia* violins, violas and cellos.

Charles Avsharian (above), concert artist and professor of Violin at Michigan State University School of Music, playing a *Sofia* “Joachim” violin. *Sofia* instruments are individually handmade by such expert luthiers as Bulgarian Boiko Stoyanov (below).

Each year, Consort International selects and cuts its own wood in the Southern Balkan and Rodopi Mountains of Eastern Europe. The wood is then aged for years before being used (right). Vesco Apostolov, Miro Tsonev (above) and Ivan Vankov (opposite page) are three of the master makers of *Sofia* instruments.

Box:

Economy of Communion in Freedom

Also known as the Economy of Sharing, is an innovative economic proposal based on a culture of giving. Launched by Chiara Lubich in 1991 as an answer to social and economic inequality, it brought about immediate developments all over the world. At present there are close to 800 businesses worldwide following its guidelines.

□ The Economy of Communion in Freedom (EOC) promotes a commitment by business owners to operate their companies both for profit and for the benefit of society.

Concerned about the negative effects of the “culture of having” that dominates society and, sometimes inadvertently, marginalizes some of its members, these business leaders voluntarily share a portion of their profits with people in need who participate in the EOC.

□ Within EOC businesses, the owners and managers try to promote a supportive, interdependent environment of solidarity, sharing, and openness consistent with a “culture of giving.”

To prepare workers to function effectively in such a sharing environment, the leaders of these businesses voluntarily contribute a second portion of their profits to structures that train people on how to make such principles a lifestyle.

□ They reinvest the remaining portion of their profits for the growth of the business for the benefit of all. Through their actions, these business people become seeds of a unique anthropological development with social consequences reaching well beyond their immediate markets and communities.

See LC July 2001, Aug 2003 and June 2004 for an overview of the Economy of Communion in Freedom. For more information, read the recently published collection of essays, *The Economy of Communion: Toward a Multi-Dimensional Economic Culture* (Luigino Bruni ed., New City Press, 2002) and its website www.edc-online.org.