



Episode 38



Bo Burlingham

Bo Burlingham is the editor at large for Inc.com. His popular column, "Street Smarts," was a finalist for a National Magazine Award, the highest honor of the magazine industry. He is the author of Small Giants: Companies That Choose to Be Great Instead of Big, and has freelanced for various publications, including Esquire, Harper's, Boston Magazine, The Boston Globe, and Mother Jones.

Voiceover This is Business Reimagined.

Voiceover Every week, we talk with thought leaders and revolutionaries who are bringing innovation to their industries like today's guest, Bo Burlingham.

Bo *If you have a business that pollutes the environment or that cheats its customers, that's not because of business. That's because of you. It's your responsibility, it's not that business makes you do that.*

Voiceover This is Business Reimagined with Danny Iny.

Danny *As the author of five best-selling books including my personal favorite Small Giants, Bo Burlingham is a man who needs no introduction. His work with Inc. magazine revolutionized the world of entrepreneurship and to this day he continues to spread his message of companies who choose to be great instead of just big. In his heart, Bo's always considered himself a journalist first.*



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Bo

After I graduated from high school, I went to Princeton University. I studied public and international affairs there but it was quite a ... Well it was the 1960s and it was a pretty tumultuous time. I got involved with all the tumultuousness of it.

Danny

When Bo got married, he realized that he needed a "real job" and he found one at a very unlikely place, Fidelity Mutual Funds. They didn't care that he knew nothing about stocks and bonds, they just knew that he could write. Bo went in as a skeptic but quickly realized he was wrong about business being evil. Not long after, he made the career move to write for Inc. magazine which put him on the front lines of revolutionizing public opinion about entrepreneurship.

Bo

There was a time when it wasn't considered a complement to call somebody an entrepreneur. It was actually sort of a put down. Entrepreneurs were either regarded as these weird asocial people who did weird things or as people who couldn't get a real job.

Danny

After spending years with Inc., Bo decided it was time to do something different. He wanted to understand even more about business, not just the stories, but also the numbers that drove them, which led him to a company called Springfield ReManufacturing. This was a radically different company that practiced something called open book management.

Bo

There are three conditions that have to exist. Number one is that you have to know what the rules are. Number two, you have to get enough information so that you can



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follow the action and keep score. Number three, you need to care about whether or not you win or lose. You need to have a stake in the outcome. They set up the entire company around those principles and it was pretty amazing to watch. We had written about it and I had done an interview with Jack Stack for the magazine, both of which were extremely well received by your readers who were obviously ... Even though probably most of them thought he was crazy, they were intrigued by this concept.

Danny

In his research on Springfield ReManufacturing, Bo was inspired to write about what he saw. That led to his first ground breaking book, The Great Game of Business that he co-authored with Jack Stack, and then several more, culminating in my personal favorite and his, Small Giants, about companies that aspire to be great instead of just big. That was another learning experience for him.

Bo

This is what I've learned is that it turns out to be about the relationship when you write a book, the relationship that you wind up having with the readers of that book. I have been fortunate enough that through the writing of the book and then subsequently through meeting other people who read the book and were inspired by it or maybe just felt reassured because they were already running their companies the way that the Small Giants were. I've just met the greatest people who are really making a strong case for what John Mackey calls a higher purpose of business which is that businesses just ... Offers incredible opportunities to provide service to your customers, to your employees, to your community, and once you've recognized that higher purpose, there's all kinds of good things that you can do with business. I should mention this is 180 degrees from what I believed when I was a student activist back in the 1960s but fortunately, I'm open to learning as time goes along.



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Danny

I want to dig into Small Giants because I read the book years and years ago. I was one of those people who found it very validating. It's like, "Yes, this is an idea that I can resonate with." It's exactly the kind of company that I've worked hard to build. So first of all, just for our listeners, what is the core thesis? Companies that choose to be great instead of big, what about those companies? What do they do differently? How do they see the world that other companies don't?

Bo

That's a very good question, Danny. I would say that the core is that these companies recognize that in its heart, a business is built on relationships. It's built on relationships with employees. It's built on relationships with customers, obviously with suppliers, with your neighbors, with your community, and that having a business gives you the opportunity to really do wonderful things with all of those groups of people that you come into contact with. It gives you an opportunity to enrich their lives and to make a real difference in their lives and a very positive difference in their lives.

Once you recognize that, that business isn't all about maximizing your revenues or growing fast, but that there are other things, important things, that a business can do and that it can be your instrument for doing those things. I would say that the most exciting part for me is when I go and visit one of these companies and I get to talk to their employees and there is this magic that happens in these companies because it's really about having a group of people working together to accomplish something that they all believe is significant and it's very exciting.



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You know, I call it in the book, I call it mojo for lack of a better term. It's something that you know it when you see it. Back in the early 1980s when I was beginning to get to know and have some relationships with some of these extraordinary new companies, I felt it with them. You'd walk into Apple, you'd walk into The Body Shop, you'd walk into Ben & Jerry's and you'd just feel that there's a kind of energy and optimism that is very energizing and that is really fun to be around. The best of these companies, that's the way their employees feel about it. They like coming to work because it's a very positive atmosphere and that's really something that you probably have to be a better writer than me or maybe even a novelist to capture but it's something that we all experience from time to time. I have to say when I say to people, mojo, everybody has an intuitive understanding of what I'm talking about.

Danny

*I think you sell yourself short. I think you do a very good job of capturing it in your books. My impression is that when *Small Giants* was published, it represented a very contrarian view to the way that a lot of people saw business which is probably more like the way you did when you were young as an activist. Is that fair to say?*

Bo

*Yeah. There were two sides. There were people who either thought businesses were inherently evil because they were based on exploitation of other people and what I realized and wrote about was in fact, "Well, you know, it is true there are some business whose ethics are not very good and who do exploit other people but that's not because of business. That's because of a choice." The most important thing that I tried to say in *Small Giants* is that you do have this choice. If you have a business that pollutes the environment or that cheats its customers, that's not because of*



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business, that's because of you. It's your responsibility, it's not that business makes you do that.

The other side of it was that there were a lot of ... I remember talking to one Inc. 500 CEO when I was still writing the book and I told him, he asked about the book and I told him what it was and he was shocked. He said, "Wow. That challenges everything that I believe about business." Because there are a lot of people who get into business and they just think, "Look, the whole idea here is to get as big as possible, as fast as possible and then sell it or whatever."

Danny

Does it have to be a trade-off? Do you have to be either great or big but both is not an option?

Bo

No and I'm very glad you mentioned that Danny because it's one of the misconceptions that some people have when they look at the title and the subtitle. In fact, there are obviously lots of ... I should say that there are many great companies that are in fact big. It's also true that there are companies ... If you can pull that off, more power to you. It's also true that all of the companies or almost all the companies, I can't say all, but almost all the companies that were in Small Giants were in fact growing. Some of them wound up growing very, very fast. The point was their focus, their priority was not to grow for the sake of growing. They wanted to grow, they want to grow I should say because there are numerous benefits that come from growth including benefits for the culture, for the people in the company, and for customers and so forth but the point is not, "Okay, let's see how big we can get and how quickly we can get there."



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Danny

I buy into this completely. This is very much the ideology of business that I teach. I also think that if you're making the wrong choices, if you're polluting the environment and screwing your customers and so forth, I don't think that's really sustainable business. You can only get away with that for so long. In spite of that and in spite of your book or books I should say plural and multiple other works and perspectives on the idea, it still feels like this perspective is the minority perspective. Is that fair to say?

Bo

*Yes, but much less so than it was say ten years ago. I'm actually coming out ... Well, there are two things I'd like to mention. Number one is that I'm coming out with a 10th anniversary edition of *Small Giants* which will have two new chapters. One of the things in the course of preparing this new edition for publication is that I have had occasion to really look back and see how the business environment has changed over the last ten years. I think it does still feel like the minority position.*

*On the other hand, I'm struck by the number of organizations that have grown up over the last ten years that have attracted lots and lots of entrepreneurs and businesspeople with a very similar message, the message that we've been talking about. You've got the book by John Mackey of Whole Foods and Raj Sisodia, *Conscious Capitalism* and that has spawned an organization, *Small Giants* has also spawned the *Small Giants* community, which I should mention you can find at smallgiants.org.*

There are other organizations out there and I do feel that there's some sort of a shift going on. Where it's all going to lead, I don't know. I understand what you're saying, that it does ... I think the thing that hasn't gotten through is the general awareness



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to the general public about what business can be. That's just something that we have to continue to work on.

Danny

I think you're right and I think it's ... I really value your perspective, not just from your vantage point of having been knee deep in this research for so long but I'm a younger guy and I'm coming at this saying, "Wow. It's amazing that I feel like this stuff has been around for "a long time" which is basically most of my career which is not that long a time. Yet it feels like a lot of the world hasn't gotten it. The reality is that changing the attitudes towards and around a national or a global economy, that's not the kind of thing that happens overnight. It takes a bit of time and given that, given how non-existent and non-present these ideas were just a couple of decades ago and how much traction they've already gained, things are actually changing pretty fast.

Bo

I think you're right, Danny. I would point out when I first started working at Inc. in 1983, the concept of culture didn't exist. Maybe it only existed in certain academic circles. It was a new idea. A book came out that I'm going to forget the name of that was about culture in business. It was a best seller. It sort of put that term on the record. Now everybody knows what culture is. It's commonly discussed, so when you look over that period of time, that's an enormous change. A really big change.

I think back when Jack Stack started doing his whole way of running a business by sharing information. That was anathema. What's more, anybody who did it would be accused of being absolutely crazy and suicidal and what's this going to get you, it's only going to get you in trouble and anyway the employees don't care about this, et cetera, et cetera, et cetera. It's taken thirty years, but that has been proven to be categorically untrue. The companies that do practice open book management, if they



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do it the right way, it's an incredibly effective tool for binding people together in a common quest to create a company that's going to make a real difference in the world.

Danny

I agree and I can share ... We're an open book company. We're also a profit sharing company. Two things that I take heart in is that ... The first is when I talk to people and I mention that we're an open book company, most companies are not open book companies but everybody knows what that means. Most people don't say what is that? It's in the lexicon and I actually feel very encouraged that we're an open book company and until this conversation, I've never heard of Jack Stack. I didn't know it came from him and it says something that an idea has spread far enough that it's not exclusively synonymous with the person who came up with it. That just says a lot.

Bo

Yeah. That's very true. I should mention something else about Small Giants that your listeners may be interested in and you may be interested in as well which is that there is something new that's happening with Small Giants and that's that Forbes magazine as I mentioned earlier has picked up the franchise. We came up with our first list of 25 new small giants appeared in the February issue although you can certainly find it online. This is going to be an annual thing. It's going to really give us an opportunity to spread the word much more widely about this way. As it turns out, when we ask for nominations in the fall, I was blown away by the number of really, really interesting companies that were doing great things that were nominated. I'm very excited about the potential to shed a much brighter light on companies that are practicing business this way.



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Danny

Bo, I have one last question before we wrap up.

Bo

Sure.

Danny

You had a very impressive career. You've written incredible books. You've really kicked a movement into being which is what we're seeing with the Forbes list of the new annual list of small giants. When you look at all that, is it a feeling of "Ugh, there's so much work left to be done," or do you look at that and you're like, "Huh? That's pretty awesome that I did that."

Bo

I don't regard myself as having done it. The people who've done it are the people who have started the companies and made the choices to run their companies this way. Often doing it when lots of people are telling them not to. It takes a certain kind of courage to do that and I have great respect for people who have that courage. My role in this has been ... One of the people I wrote about and it was on the new list in Forbes was a guy named Joe Cirulli who has a company called Gainesville Health and Fitness in Gainesville, Florida. Really if you ask anybody in the fitness industry to name the greatest fitness centers in the world, sooner or later they're going to name Gainesville Health and Fitness even though it's only in Gainesville, Florida.

Joe has just a ... He's a great person and he has just this tremendous vision that people throughout the industry and outside the industry admire. I had the opportunity to spend some time with him last month and I thanked him at the end. I said I always find it inspiring to be with you. He said, "Yes and then you can inspire other people." That's sort of my role is that I find these inspiring people and I feel inspired by them and I want to share it with other people. There are things that are happening out there Danny and – you're part of it – that really represent



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something very big. Who knows where it's going to wind up. I hope it keeps going in the direction that it's been going. I just feel this sense of gratitude really that I've been able to have these experiences with these wonderful people and be able to share them with others.

Voiceover

*That was Bo Burlingham reminding all the entrepreneurs out there that it's better to be great than to be big. It's not all about maximizing revenues and growing fast. You can do so much more to the benefit of everyone with your business as your tool. You can find Bo's book *Small Giants* wherever books are sold and you can learn more about him at smallgiantsbook.com.*

Voiceover

*This has been *Business Reimagined with Danny Iny*. Join us next time as we talk with Glen T. Campbell.*

Glen

The small guys? My hat's off to anybody who's small in business because that's where you can make real magic happen. The small guys who know and understand the fundamentals can create enormous impact. That's in any kind of business, whether it's Ray the butcher or whether it's a corner store or whether it's a small IT business or whether it's a brand building business like mine, you can create enormous value and have enormous impact, and on a global scale. We've got technology. It's not that hard.

Voiceover

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