

Reinhard Mohn

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Opening speech on the occasion of the symposium “The Work of Operating Foundations: Strategies – Instruments – Perspectives” of the Bertelsmann Foundation on April 16th, 1996 in Gütersloh

In the following presentation I would like to focus on an analysis of the weak points within societal structures and to emphasize the various possibilities for operating foundations to serve as innovators in society – and the necessity of their doing so. To begin with, however, I would like to make a few personal remarks as to how I became involved in the work of foundations.

Motives for establishing the Bertelsmann Foundation

Immediately after the war I had to take on entrepreneurial responsibilities. Consequently I did not have the time nor the opportunity to pursue university studies. As a young entrepreneur I was obliged to learn a great deal very quickly. During that period I realized that the most effective way of learning was to talk to people who were doing a good job. So I always tried to get in contact with those who were the best in their fields. This method of learning ensures that nothing learned is superfluous. Most importantly, conversing with practitioners opens up opportunities for correcting mistakes and furthering self-development. This holds true not only for work in the business world but also for work in foundations. The following decades of my professional career were devoted to developing the Bertelsmann Company into a media corporation. It was a diffi-

cult period but at the same time a positive and challenging one. When an entrepreneur has learned to take charge of complex responsibilities, to organize an entire corporation and to develop solutions to problems on a daily basis, he or she will then view the structures of society, government and politics with new eyes. It becomes clear that a system of management is now reigning in these public spheres which has not been adapted to the requirements of our day.

When societal structures do not prove satisfactory, a certain discontent emerges – a feeling most likely shared by all citizens and democrats. As a result of this uneasiness and guided by a feeling of responsibility towards the community, I had the desire to be of assistance in improving the situation. This led – now almost twenty years ago – to the establishment of the Bertelsmann Foundation. A further motive was the wish to secure the continuity of the corporation. For many companies, the burden of inheritance taxation is too great to bear. Many of them founder because of this. Furthermore, a media corporation like Bertelsmann, dedicated to journalism, publishing and communications, is involved in a sensitive area of work which does not well tolerate capital exercising too much influence. With these considerations in mind, I transferred approximately seventy percent of the shares of the Bertelsmann Corporation to the Bertelsmann Foundation in 1993. For managerial reasons, however, the voting rights were not transferred, as the premises for corporate management differ from those necessary in the establishment and management of a foundation. For consideration of both community responsibility and corporate continuity, I thus made the decision to establish the Bertelsmann Foundation.

Deficits in our social order system

The era we live in is characterized by a change in our living conditions – on a scale and at a speed unprecedented in the cultural history of mankind. This development has been triggered by

impulses resulting especially from our increased knowledge and our new technical possibilities. Under the impact of these influences we are observing the emergence of a new way in which people see themselves, which is reflected in new objectives, changing lifestyles, and higher demands and expectations. At the same time the pressure emanating from the global competition of systems inescapably confronts us with the necessity to modernize our cultural heritage. The imperfections and hardships occurring in the course of this process of transition mainly result from the inability of human beings to respond quickly enough to the changes in the underlying conditions of their lives. The basic thrust of the efforts made should be to modernize our traditional systems of order so that they meet the requirements of both the tasks and the people involved.

Peoples' cultures, their thinking patterns and their lifestyles evolved over long periods of time. Cultures reflect experiences and convictions. They are the result of numerous efforts to secure the very existence of human society. The fact that cultural development requires prolonged periods of time also helps to explain the difficulties encountered in the international process of change today.

Human beings tend to hang on to their habits – and their cultures. Cultures are based on the tried and tested. Over long periods of time it has been a dominating order principle to keep up and nurture tradition. This value put on tradition has indeed proved successful in the past as an element of order. However, the prerequisite was that relatively static living conditions prevailed and that the pillars of the social order were not called into question by external influences. Competition between different regional cultures or their integration only took place on a limited scale at the time because of the low level of mobility.

These premises for stability no longer exist in our culture today. Our world is becoming increasingly homogeneous. Cooperation, but also competition are characteristic features of our day and age. The ongoing learning process to shape a global

order is proceeding under dramatic tensions. The question we therefore have to ask ourselves is whether it is possible to design this systemic change in a more efficient and more humane way. At the same time we would need to examine how such a gigantic task could be coped with and what body or bodies would be suitable to take the responsibility for the updating of our order systems.

In this context an analysis of the capacity for evolution of the major order systems of our society is called for. In the following I will evaluate the areas of politics, the state, economics and cultural orientation under this aspect.

The political order

The democratic form of government is in line with the hopes and the self-perception of the people. Today's insufficient political leadership performance with the resulting dissatisfaction of the citizens has so far not been directed against the system but against the way in which it is handled. It is striking how little effort is dedicated internationally to a methodological modernization of our democratic order. The representatives of political power are obviously unable or unwilling to take the necessary initiative for a further development of the system.

The state order

The objectives, the organizational patterns and the management functions of the state, i.e. of public administration, were developed at a time when alternative performers of these functions did not exist. The most urgent objectives of the state's activities at the time were to secure equal rights for all citizens and to implement the state's rules and regulations in an orderly fashion. This concept of coping with the state's tasks turned out to be indispensable at the time and did indeed

prove to be quite successful. Yet, societal conditions and requirements have changed completely in the meantime.

Both the volume and the degree of complexity of the state's tasks have multiplied. The regulatory rigidity of the state increased while its overall flexibility decreased. The urgently needed development of the objectives towards performance orientation and innovation was neglected. That those who are employed by the state have developed only a limited identification with their employer under these circumstances, is easy to understand.

The economic order

The modernization of the economic order was achieved with a relatively larger measure of success. National and global competition enforced change. Obstacles in adjusting to the changing conditions result mainly from the state failing in its regulatory policy, unions and employers pursuing misguided objectives and backward management techniques being practiced in the companies. However, these deficits are being worked on. An updating can be expected.

Values and capacity for consensus

Increased wealth, education and security have reduced the interest that people take in moral and cultural orientation. The fact that children are being brought up with a greater emphasis on individuality has only served to amplify this trend. A misguided notion of self-realization is threatening to jeopardize our moral consensus and our ability to live together as a community. The institutions that used to provide moral and cultural orientation are caught up in their own traditionalism and dogmatism. Their influence is no longer sufficient today. Their messages are, however, increasingly needed!

The above analysis of the evolutionary capacity in the areas mentioned shows serious deficits. Many of the problems we are confronted with today can be traced back to these very causes. Serious damage may be caused before the constraints of the global competition of systems force us to take action, even serious enough to endanger our social order. The question therefore emerges as in which ways and by what means we can mobilize the forces for the necessary modernization of our systems.

Strengthening competence for leadership and problem-solving

By mentioning this objective I want to point to the necessary systems development which is equally indispensable in all areas of society. Important elements of this systemic change are:

1. Making targets and performance measurable.
2. Introducing competition and performance orientation – with noticeable sanctions.
3. Decentralizing and delegating responsibility.
4. Granting freedom for thought, action and experimentation.
5. Setting targets and stipulating working conditions that people can identify with.

Any order, social or otherwise, that is designed for success and for securing its own survival must abide by these premises. Realizing these demands will cause an increase in dedication and flexibility, in creativity and innovation capacity and, above all, in human satisfaction. The non-observance of these demands will lead to stagnation and loss of competitiveness.

There remains the question why those responsible in the different fields of social activity lack the insight and the strength for innovation. Is it an excessive workload? Is it that they are too blinkered? Is it that they are afraid of change? Or is it that

they truly fail to understand the situation? Perhaps it is a bit of everything. But one thing is certain: We have to move. – And we have to move fast.

The potential impulse providers

In the past science has opened up many a new avenue. Its facilities for analysis, systematic classification and research will be urgently needed in the future. The independent status of our universities offers a good basis for such innovative work. If the universities were to decide to use the success factors I mentioned before as a basis for their work, then that would be an additional bonus.

I personally see the non-profit operating foundations in very much the same starting position. A foundation can both solve individual problems and work on systems development. It is independent and only answerable to the common weal and to its own objectives. It needs people who have learned to find answers to unresolved questions in the course of their lives. The creative people in a foundation must be committed and must also be sensitive to the self-perception of human beings. If these conditions are fulfilled, operating foundations can indeed “move mountains.” Anyone who assumes the leadership of such ventures will gain many friends and lots of support.

However, the socially relevant effects of an operating foundation will only make themselves felt if and when efforts are made to secure an appropriate overall diversity. This requirement has unfortunately not yet been fulfilled in Germany – but it can be! Looking at the rate of asset formation it is reasonable to predict that we will have plenty of potential founders and committed citizens who would be willing and able to promote societal innovation. The non-profit operating foundation can become a center for such future-oriented endeavors. It seems to me to be desirable that the sponsorship of such foundations be

assumed especially by companies that can make a creative conceptual contribution on the basis of their professional experience. For reasons of practicability, I personally doubt the wisdom of the call for “More entrepreneurs into politics” voiced in our country. But I do see a great opportunity of bringing entrepreneurial expertise to bear on the solution of societal problems in the context of a non-profit operating foundation. Such an approach would, at the same time, also meet the demand laid down in our constitution that “property imposes duties.”

The innovation potential that a country can tap with the help of a lively community of foundations is illustrated by a comparison with the effect that the non-profit foundations have in the USA. Smaller as well as larger foundations and especially the so-called “think tanks” play an indispensable role in shaping society, especially in terms of the badly needed systemic development. The Bertelsmann Foundation puts forward the proposal that we should learn from this international experience and trigger similar initiatives also in our own country. It seems to be a characteristic feature of our day and age that identical problems emerge and identical tasks have to be solved in many countries of the world. An international exchange of experience between the foundations will lead to constructive cooperation and to more rapid progress being made. In our daily lives we experience the world as a homogeneous entity. It therefore makes sense to solve the problems together.

The emphasis on the special form of the “operating foundation” here at the symposium is attributable to the mode of work adopted by the Bertelsmann Foundation. However, it needs to be pointed out at this juncture that an optimization of the overall effects of the non-profit foundations requires the existence of other forms of foundations as well. In this context I would specifically like to mention the grant making foundations and the not-for-profit institutions that examine and approve applications in the spirit of their founders. Another form of

foundation which needs to be mentioned here because it is currently very successful and expanding vigorously in America is the “community foundation.” This form of foundation, dedicated to the problems of a city, merits our special attention. The readiness of citizens to “do something” for their home town is surprisingly high while, at the same time, the need to take care of community services not covered by the local authorities is constantly increasing. I myself am currently in the process of creating such a “city foundation” for my home town of Gütersloh.

Out of a feeling of responsibility towards the community I established the Bertelsmann Foundation two decades ago. I was convinced that many tasks could be solved in a better way and that a failure of our systems was often at the root of many of the grievances of our time. The most serious mistakes that I discovered in the course of the work of the Bertelsmann Foundation were the unconditional defense of fiefdoms once acquired and the insistence on traditional rules in a rapidly changing world. As yet, this societal diagnosis has only partly been understood in our country. The prevailing conditions speak for themselves.

This is why I repeat my request:
We have to move. – And we have to move fast!