

DOING WELL BY DOING GOOD

Businesses thrive by following a strong moral compass, believes marketer, author and former AARP CEO Bill Novelli

BY HUGH DELEHANTY

Bill Novelli was well on his way as a Madison Avenue hotshot, one of those glamorous advertising executives portrayed in the hit series *Mad Men* who could sell anything to anybody.

But he had a problem. “Every night I’d go home on the train and ask myself, ‘What did I do today? Where was the social value?’”

Then one day while working on the then-new show *Sesame Street*, he had an insight: The same marketing techniques and principles used to sell packaged goods could be applied “to ideas, to issues, to all kinds of things.”

As he describes in his new book, *Good Business*, Novelli never looked back. He used those principles of succeeding while practicing social good in a 50-year career that included serving as chief executive officer of AARP between 2001 and 2009.

Here he shares some of what he learned during that journey.

How do you define “doing well by doing good”?

The idea is that you can make money for your stockholders by creating social value for your customers, your employees and the communities where you

work. It’s not just altruism. It’s a really good business strategy, and it’s growing today.

Why?

I think that customers want to see companies really making a difference. And their employees are demanding it, too. The MBA students I teach [at Georgetown University’s McDonough School of Business] tell me they want “a purpose as well as a paycheck.”

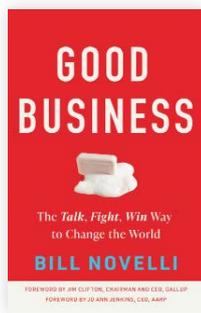
Give me an example of a company that’s made that shift.

A good one is CVS Health. They started off by saying, “We want to become a health company, but we sell cigarettes.” Really? Is that the right way to go? So they decided that they would no longer sell cigarettes, and it cost them about \$2 billion a year in revenue. But that decision was the beginning of a total repositioning of the company.

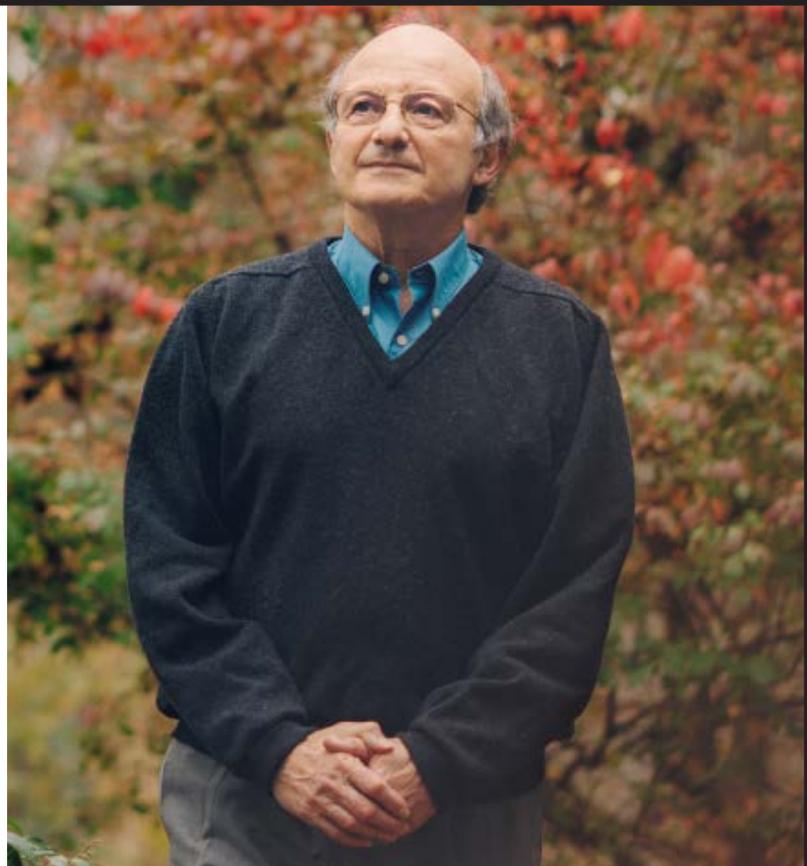
Do you feel like the world is coming around to your point of view?

Not all companies are figuring it out, but a lot of them are. An example is VF Corporation, whose brands

include Timberland, Vans and the North Face. They don’t own all their factories, but they treat the workers as if they were their



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own. Millennials are an important market for them, and the first thing millennials want to know is: Are the people who make your products treated fairly?

What do you say to skeptics of this type of social marketing?

We all see that capitalism isn’t working as well as it used to, and we’ve got problems that need to be fixed. The public wants companies to be responsible. Their job isn’t just to make a profit—it’s to be good corporate citizens. The second thing I’ll say is that there is money in this. Doing more by doing good is a smart way to do business.

Your first big initiative as CEO of AARP was getting prescription drugs covered by Medicare. What was your secret?

AARP’s founder Ethel Percy Andrus, right from the beginning, focused on power at the grassroots level. She called our membership “an army of useful citizens.” Nobody has that like AARP does. That’s a powerful weapon.

You made powerful enemies during your time at AARP. Nancy Pelosi called you a Republican. Mitch McConnell thought you were a Democrat. Who are you really?

I’m a pragmatic centrist. I call them as I see them, and sometimes I manage to make both sides angry. I had a plaque in my office at AARP with two quotes. One was from Republican Sen. Trent Lott: “AARP is a wholly owned subsidiary of the Democratic Party.” The other was from the late Democratic Congressman Pete Stark: “What does AARP stand for? Always Advocating for the Republican Party.”

What do you think of AARP today?

One, I feel like a really proud alumnus. Two, I think the world needs AARP. There’s no other organization like it. If it didn’t exist, we’d have to invent it. Three, I hope and pray for AARP to lead, to help us get out of this toxic political mess we’re in. The number one thing we need today in America is good leadership. ■