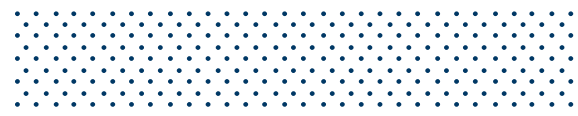


Defining Innovation Presents John Mackey, Co-Founder & CEO of Whole Foods Market

The Transcript From The Virtual Event



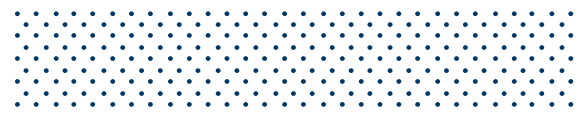
Diana Lind:

Good morning. I'm Diana Lind, the Executive Director of the Arts + Business Council for Greater Philadelphia. Welcome to Defining Innovation Presents John Mackey. The Arts + Business Council is dedicated to fostering collaboration and exchange between the creative and business communities. We do this through a number of programs, like our new leadership development program, Digital Drawing Board, which this October will teach arts leaders about new technologies and ways of taking their programs and operations online, or our program, Creative Exchange, which teaches design thinking skills to business professionals.

Today's event is part of our Defining Innovation Speaker Series, where we explore the critical intersections of creativity, business, and the skills needed to innovate in a rapidly changing world. Our keynote speaker exemplifies this work. John Mackey, Co-Founder and CEO of Whole Foods Market, started a movement when he started Whole Foods, bringing natural, organic food to the masses, and not only changing the market, but breaking the mold. Now, with his book "Conscious Leadership," he explores his own vision, virtues, and mindset that have informed his leadership journey, providing a roadmap for innovative, value-based leadership in business and society.

John will be joined for a conversation with Mike Dershowitz, the Founder and CEO of Fair Trade Outsourcing. Fair Trade is based in Philadelphia with a network of outsourcing centers around the world, and their vision is to reduce global poverty and economic insecurity by creating sustainable middle class employment. Following their conversation, John Mackey will join the strategy salon of local leaders from CapTech, AgileCat, and Wilco for a discussion about how conscious leadership plays out in Philadelphia. We will provide a link in the chat box where you can see the panelists' bios and the full event agenda. Keep an eye on that chat box, like Brynn mentioned, as we'll open it up to audience questions during the panel and have some audience Q&A towards the end of the program.

Our Defining Innovation events wouldn't be possible without the support and partnership of our



sponsors. Thank you to our title sponsor, CapTech, who has been a believer in innovative business practices and a partner to the Arts + Business Council for a very long time. Likewise, thank you to SEI, our series sponsor and one of Philadelphia's great champions of the intersection of arts and business. Both of these companies have representatives on the Arts + Business Council's advisory board, which provides critical thought leadership and support for our work, so thank you for that.

We are also thrilled to welcome two new supporters, Fair Trade Outsourcing, our presenting sponsor, and AgileCat, a cosponsor, two businesses that I'm sure you will learn more about in today's program. Now, it's my pleasure to introduce John Mackey and Mike Dershowitz who will kick things off with a conversation about "Conscious Leadership." Thank you for joining us.

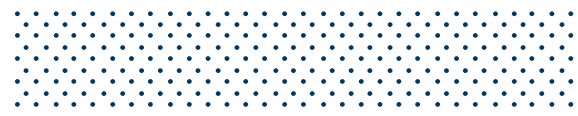
Mike Dershowitz:

Thank you so much for that introduction, and John, a very warm welcome to you.

Before we dive in to "Conscious Leadership," my first question is actually very a la mode, very of the times. Not fun times right now for a lot of people globally, for all of us living with this pandemic. Most economies are contracting at a rate not really seen since the Great Depression 90 years ago, in some cases greater in the second quarter, and sadly, the World Bank predicts that most of the amazing progress humanity has made in alleviating poverty over the last 20 years will most likely be erased in the next 2. My question is this, in the midst of all this crisis, most businesses are focused on their own survival, so shouldn't they be focused on that instead of worrying about all of their stakeholders?

John Mackey:

It's hard to say what other businesses should do, right? The word "should" always makes me a little nervous. I think people need to make those decisions themselves as opposed telling business what they should be doing. If you're trying to survive, and yeah, generally, it's kind of like you're moving down Maslow's hierarchy of needs back down to trying to survive, and that tends to preoccupy people. I think some people will be able to do both, because I think usually the best answer is not either/or but both/and together. Profits and purpose, not profits or purpose.



Survival and stakeholders, not survival or stakeholders, so I prefer the “and” answers.

But again, I think everybody has to navigate these times as best they can. This has been a terrible year. I mean, it's the worst year of my life so far. Hopefully it'll be the worst year at the end of it. I've seen so many friends lose their businesses. So many people have gotten sick and died. It's been a tragic year, and I, like everybody else, want to get to the other side, want to get to post-COVID. The economy's already starting to rebuild itself, but it'll accelerate when people feel safe again. Until they feel safe, we're going to be struggling. But something that I've learned in life that is good to repeat over and over again, particularly in hard times, is this too will pass. This isn't going to last forever. This will pass. We'll get through it.

Mike Dershowitz:

This too shall pass.

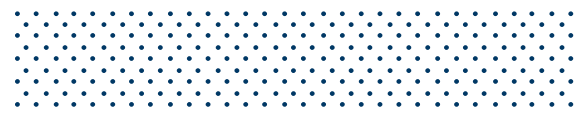
John Mackey:

Human beings are resilient, and we'll come back. Economies will come back. It's just hard when you're going through it.

Mike Dershowitz:

I appreciate that. That turns me to, I think, the question I was most interested in posing and talking about here. In the first section of "Conscious Leadership," I think your underlying message, to all leaders is, hey, don't be a schmuck. You know what I mean. Don't be a bad person.

But as I went deeper, you got really specific, so I want to do a little exercise for everyone to encourage you not just to read the book but to understand the deeper message that's here. In chapters two and three in particular, you anchor those chapters with a bunch of words, words about humans, words about humanity, and then you explain why they're all necessary in business. I want to read these words to everyone, and then I'm going to ask you to give us the zeitgeist of what the first section is about.



The first word is love, then generosity, gratitude, appreciation, care, compassion, forgiveness, integrity, truth-telling, honor, authenticity, courage, and trustworthiness. Now, when I first wrote this question and read them all together, they gave me goosebumps, but they're also very specific. I think they sum up not just who we want our leaders to be, but hopefully the people we want to be. Why are all of these essential to being a successful leader?

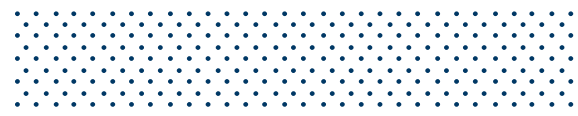
John Mackey:

Well, there's two big words that we put in there and that was love and integrity. Lead with love. Always act with integrity. There's chapters two and three in the book. Then those are complex words, so for love, we have to understand love... We're arguing that lead with love and integrity are skills that we develop. We're naturally loving beings, but that love tends to be focused primarily on where our DNA has directed it, towards our families and towards our significant others, our children.

To be in organizations, to be skillful at love, to lead with love, we have to develop that, and we have to develop it through practices. It's a skill more so than it's just an emotion. Some of the parts of love, it's a many splintered thing. It's a complex type of skill, so then we break it down into some of the attributes of love, which include generosity, gratitude, appreciation, caring, compassion, forgiveness. All of those fit within the grouping of love. Then integrity is also a complex skill, and it includes truthfulness, and honor, and authenticity, and trustworthiness.

It's easier to grapple with it if you just focus on the two leadership skills, which is leading with love and always act with integrity, and begin to practice those different aspects of love and those different aspects of integrity. That makes it a little bit more manageable, instead of having to develop all of those skills. That can be sort of overwhelming. You can work on each one of those attributes one at a time until you get good at it. We basically give practices for each one of them, so you can become more skillful in generosity and forgiveness and care and compassion and truth-telling.

Mike Dershowitz:



That's helpful. You're right. It can be an overwhelming list. That's why summarizing it in both love and integrity is a good way through. I want to switch to a topic that I'm very curious about. On August 19, 2019, after reading "Conscious Leadership," when the Business Roundtable came out and redefined the purpose of the corporation. It's the first time they did that in 50 years, since Milton Friedman's manifesto in the '70s about shareholder supremacy. I want to know how did you feel on that day? Because for me, I thought that was a vindication of what you were doing. Then my second question is did you know about it beforehand?

John Mackey:

First, I felt great about it when it came out. I was very excited. I did not know about it beforehand. However, I found out afterwards that the leader within the Business Roundtable that I met, I met with her, and she told me that the book, "Conscious Capitalism," had a big effect on the way they formed up the language. It was a reference book they used, so that made me feel really good, feeling like we had an impact on that very large corporate culture there.

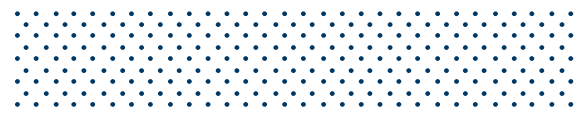
Mike Dershowitz:

Did that make you feel that we were making progress or that you were making progress, that people started to realize that capitalism needed to change and was changing?

John Mackey:

We are making progress. There's no question about it. My biggest concern is that it's all being misunderstood, and from what we've tried to say in "Conscious Capitalism," and what the Business Roundtable is trying to say, and what Milton Friedman tried to say, it's all been... And the reason it's been misunderstood is because we have a framework that we interpret reality. We interpret reality through our metaphors and through the narratives that we tell ourselves.

The stories we tell ourselves is how we think about reality, and the story we tell ourselves about business is very binary. It's a bunch of greedy bastards running around, taking more than their fair

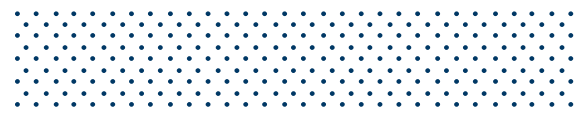


share of the pie. Boy, maybe we can change that. Maybe we can make business people good and less greedy. We have the zero sum mentality. If someone's gaining, someone else is losing. If someone's getting rich, somebody else is getting poor, so it's very good and evil, light versus darkness, very binary, very polarized, and one of the things that you realize about business inherently... Forget about for a moment whether it's conscious business or conscious capitalism or conscious leadership.

Most businesses are not in a win-lose game. They're playing a win-win-win game, because they're creating value, not just for their investors. They're creating value all the time. They're creating value for their customers. If they don't make profits, they're not creating value for their customers. They can't create value for their customers if they're not also creating value for their employees. They have to work with, in some cases, in Whole Foods' case, tens of thousands of suppliers in order to have the products and services that you sell. You're creating value for those suppliers.

Businesses are philanthropic. They produce profits that are taxed. Businesses are creating value in all these different ways, so it's not this... It's always been misunderstood in this win-lose type of framework, and it's still being misunderstood, even though the Business Roundtable's come out, and we've written books, because now it's sort of like if you do what the Business Roundtable is doing and what we're talking about and you still throw it in a win-lose framework, then it's like at last the investors are losing. We're going to redistribute some of their money to socially responsible activities and higher pay, so there's this feeling investors are going to get less.

It's a misunderstanding, because all of these stakeholders are interdependent. It's not profit or purpose. It's both. It's not one stakeholder or another, in terms of trade-offs. It's creating value for all of them and developing strategies where all of the stakeholders are winning, so that's my biggest frustration is the fact that people don't understand that business is sort of inherently good, at least most of them are, but we can make it better if we do this stakeholder thing more consciously. We can develop strategies that help all the stakeholders win, but we have to stop



thinking in terms of trade-offs all the time.

It's frustrating to me because I think the model's been misunderstood, and even with the Business Roundtable coming out for what "Conscious Capitalism" has said, it's getting thrown into this old polarity opposite models of trade-offs and someone's winning and someone else is losing, only now we're changing the game, and now the investors are starting to lose. So that's just thinking about it incorrectly.

One of our chapters in the book, "Conscious Leadership," is all about finding win-win-win solutions. That's a different framework. That's not a win-lose framework. That's a different way of thinking about the world and about life and about business. Just think about how desperately the United States right now needs win-win-win solutions. We're at each others' throats. One set of values is trying to win. Other sets of values are supposed to lose. We have to get to higher ground, and we'll get to higher ground by looking for those win-win-wins. It's a different way of thinking, but it's a very important way to think, and we need to begin to transition to that way if we're going to get out of this trap that we're in.

Mike Dershowitz:

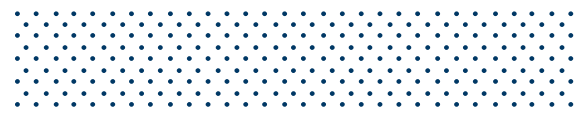
I want to extend what you're saying to a topic that's near and dear to my part, as a fair trade business ourselves. You addressed what happens when conscious leaders and conscious businesses have to do business with those stuck in that old, pugilistic, win-lose model. You do address that in the book. Can you get tactical for us for a minute. I know you bring in some Stephen Covey in the book. I think it was win.. What is it? Win-win or no deal, right?

John Mackey:

Right. That's what Covey said in "7 Habits."

Mike Dershowitz:

Tactically... But know there's a lot of growing organizations on this call, my own included, when you're trying to do sales that is needed to grow an organization, some of the counter parties that



you're trying to sell to are going to still be mired in a pugilistic business culture, from the '70s, from Friedman, how do we deal with that? How do we change their mind so that we can do business, we can grow the... and so that we can create those win-win-wins?

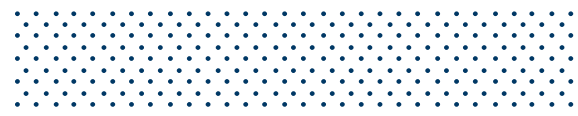
John Mackey:

What I do, if I'm negotiating with somebody, I will pretty much talk from the very beginning, "I'm looking for a win-win-win deal, good for you, good for me, and good for all of us, good for the larger society, good for the larger culture that we're part of. That's the way I'm going to approach the deal, and if you're going to look for a win-lose deal where you win and we lose, then we're not going to be able to do business together." So I'm very clear. I'm very transparent about it.

One of the best examples of when this can happen for Whole Foods is if we're signing a long-term real estate lease, we'll have a location, we're working it. We've learned the hard way that if you're dealing with a landlord who's really trying to screw you or really looking to just win at your expense, down the road, it's going to blow up, because you're not building trust, so it's very essential that you build trust. I think it's very difficult to build trust with people who are fundamentally trying to win at your expense. They're not looking for the win-win. That's when it's good and wise to frequently walk away.

Now, in our normal business, I mean, most of our customers are just trying to get healthy food, so that's an easy win-win for us, and that's true of most of our suppliers and most of our team members. But every once in a while... There's a certain percentage of the population... I think it's around five percent of the population is fundamentally sort of sociopathic, so about 5 out of 100 people are really not going to be trustworthy, so you've got to be not paranoid, but you've got to be conscious. You've got to be aware of who you're dealing with.

Sometimes the smartest thing you can do is simply walk away, because it's going to come back and bite you in the future. If you do a deal with a sociopath, trust me, you'll regret it somewhere down the road, but most people are trustworthy. Most people are good people. Most people are



not sociopaths, so we can do the win-win, and we can do the win-win-win, where we can all win. That's the framework we should use, and you should give people the benefit of the doubt until it's pretty clear that they're just not working from the same framework that you are.

Mike Dershowitz:

That's great, especially the upfront piece. I want to highlight that, because that probably can do it. Then even if you make it so upfront, if you communicate that, every once in a while that sociopath, because that's what they're good at, they're going to lie to you upfront. They're going to lie to you, and then you really got to still be on the lookout as the deal unfolds.

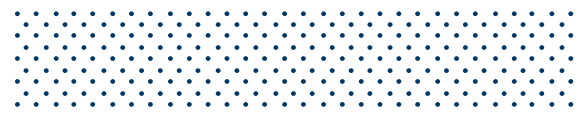
John Mackey:

You know, Mike, this is where being conscious can really pay off. When you're dealing with somebody, if you're fully focused, if you're in the moment, and you're really at full openness, and you're really trying to connect with that person, you generally can get into their character. It's hard to fool you if you're really present, if you're really awake.

Some sociopaths are very skilled, but for the most part, you'll be able to tell it. You won't be fooled, because you're fully present, you're fully paying attention, you're listening, you're all in. People have all these subtle cues, the little smiles, the smirks, the eyebrow raises. You can kind of tell when people are lying to you. You can kind of tell when somebody's an asshole or a jerk. You can kind of tell when people are just not trustworthy, but you have to develop the skill by paying a lot of attention and getting better at it over time.

Mike Dershowitz:

That was really great, especially that topic is close to home for me. I want to switch topics. Since your first book came out, obviously Whole Foods became a subsidiary. You took on Amazon as your parent company. There's a lot of people curious about that decision, about why that decision was made. A lot of people were surprised. It was widely reported, but you go into some good depth in the book about why. At the end of the day, even though, personally, when I read it, even though I was like... I was still a little skeptical, but I got it. I came to respect the decision because



of the position that Whole Foods was in strategically. Can you give everyone a quick overview of how did it happen? I think they want to hear from you. What drove your decision-making and ultimately how you feel about how it's going?

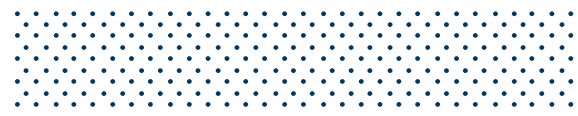
John Mackey:

What happened was, back in 2017, Whole Foods had been growing very strongly for a long time. We'd had double digit same store sales for many, many years on top of each other, particularly coming out of the 2008-2009 recession. Then we hit a real speed bump beginning in 2016 and going into 2017, where our competition really started catching up with us, matching a lot of our products, and picking them up, copying our marketing, and then just undercutting us on price, so we began to see our sales slow down.

When that happened, our stock price fell, and that attracted shareholder activists into the stock. In our case, it was JANA Partners, and they came in, they made a bunch of demands, mostly that they wanted to replace our board of directors, get rid of the management, and sell the company to the highest bidder. We looked at all the different alternatives that were available to us, from fighting JANA and going into a campaign against them, to taking the company private, to selling to Warren Buffett, to looking at other supermarket companies we'd be able to combine with, and none of those were satisfactory. None of those were really win-win-wins for us.

Then one day it popped in my mind when I woke up. I'd been thinking about it for a long time, and it came into my mind like a flash, Amazon. That could be a win-win-win here. I'd met Jeff Bezos the year before, had really liked him. I'd always respected Amazon as a great innovative company, technological giant. We contacted them. They were very interested. Flew down there, met with Jeff and some of his team with some of my senior executives. We had a three-hour conversation the first day. It was amazing. We talked about all the things we could do together.

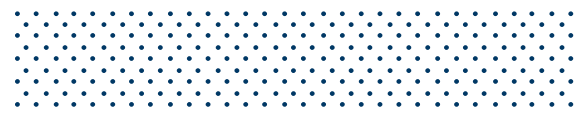
A few days later after that, they flew a whole team into Austin, and we continued the conversations. Then six weeks after that very first meeting, we'd signed a merger agreement, so it



was kind of a whirlwind romance, but it was a good decision, because all of our stakeholders won. Our customers got lower prices. We've had three price cuts, and we're working on a fourth one right now. They helped us get technology better. We never could've handled COVID, in terms of delivery. Our home delivery sales have tripled in the last year. We couldn't have done that without Amazon. They're helping us in lots of other ways that I'm not really at liberty to talk about, but there'll be some cool technology things that happen over the next few years that I'm excited about. It was good for our team members.

One of the first things Amazon did was they went in and raised the starting pay for everybody to \$15.00. We raised the pay of about 90,000 people at Whole Foods Markets, so it was expensive. It cost a lot of money, but that's what Amazon wanted to do. That was really a big win for our team members. Plus, they didn't lay off people. We didn't have to cut a bunch of jobs. It was good for our suppliers, because not only did we not lose any of our suppliers, but a lot of them had been able to transition onto Amazon's online business, Amazon Fresh. They gained business from the merger.

It was good for our investors, because the market capitalization of Whole Foods was going up about three to four billion dollars as a result of the merger. Good for our communities, our foundations. Our donation policies haven't been changed. Amazon's been supportive of Whole Foods Market's culture, so how is the deal going? I say a big merger is like a marriage. Those of you that are married, you've probably changed since you got married, or I promise you, you probably will change... or if you haven't, you won't stay married very long. Whole Foods has changed, but not because Amazon is trying to change our culture. We're just taking on elements of Amazon that we think are beneficial to us, and that is having an impact on us. But overall, Amazon's been supportive. They haven't tried to change our culture. They haven't tried to change our mission, our purpose, our culture, our quality standards. The main way to answer that question, Mike, is if I had to do the same thing, if I was put back into that situation again today, would I make the same decision? And the answer is I'd make the exact same decision. It was the right decision for us at that particular time in our history.



Mike Dershowitz:

That's great. Thank you. I can hear from the passion in your voice that it offered much, much more upside to all the stakeholders involved in Whole Foods than any potential downside. John, I want to thank you for this conversation and for the opportunity to talk and to get deeper into your thinking, get a little free advice as well, I think, so thank you for that. With that, I want to turn it back over to Diana, who's going to begin our strategy session, so thank you very much for your time.

John Mackey:

Thank you, Mike.

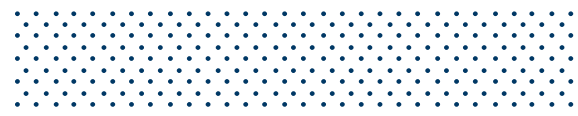
Diana Lind:

Thank you both. That was a great conversation, and thank you for both of your insights there. But we're really just getting started. We now have our strategy salon, so joining us as the moderator is Peter Madden, CEO of AgileCat, where he oversees a team of strategists, designers, animators, and artists who thrive on producing authentic, creative experiences and solutions that deliver maximum engagement and impact. Peter will now drive the conversation and introduce our panel, but now's your chance to put some more questions in the chat box. I was happy to see that a couple of those questions have been filing in there. Peter, it's your turn to take it away.

Peter Madden:

Great. Thank you so much, Diana, and thank you, John and Mike, for a robust discussion. That was just fantastic. Heavy on the authenticity. John, you're quite a leader. John will be joining us on the panel, as well as our esteemed other panelists. First, Brigitte Daniel Corbin, who's the Executive Vice President of Wilco Electronic Systems, as well as Suzie Turner, who's the Principal and Chief Human Resources Officer at CapTech.

With that, let's get right into some questions, folks. I'll lead off. Brigitte, you'll be my first in line. You're a strong advocate for increased digital access and diversity in tech and the startup



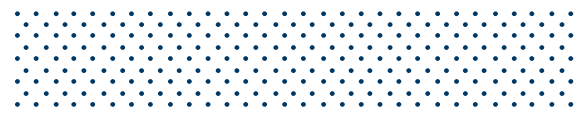
communities. How does building inclusive and impactful innovation ecosystems illustrate this win-win thinking principle?

Brigitte Daniel Corbin:

Thank you, Peter. Good morning, everyone. I think John kind of alluded to this. There was never, ever, ever, ever, ever a time in history where we weren't looking at how to be better as a people, as a country, than now. What 2020 represents is a cultural shift. It has been a shift in wealth. It's been a shift in health. It's been a shift in everything that we probably hadn't really imagined up until this time, in the most contemporary way, and in the most dramatic way. A lot of it's really around, really at the basis of it, it's around just inequities around inclusion, right? Because the pandemic is really showing and unearthing a lot of disparities in every type of sector that you would think of, but there's opportunities to really grind in together and do better.

When you think about innovation and why inclusivity matters, particularly for a city like Philadelphia, in the region, we're a city of minorities, right? Really, there's a minority growth in the city of Philadelphia that's probably higher than a lot of other urban cities in the country. We're likened to DC and Detroit and other types of big demographic cities. We're not looking at that inclusion as a strategic goal and even as a just do good win. Your business should also have a return on investment, same with investors, but also return on communities.

Then that's how you create more, according to John, this win that comes to communities, particularly in urban settings. A lot of Whole Foods stores, particularly, and even just in general of where we are, are in urban communities. It has to definitely be something that is more ingrained. It becomes strategic, and not as a feel good, but just as a market good. A lot of the new people, the markets that we're all catering to are young. They're millennials, and they're the most socially conscious demographic that we have seen in a very long time, and they're going to be our workforce for the next 20-30 years, this age group that is going to our stores. They're buying our products. They also are very digitally native, so they want to also use technology, and they also want to have it very personal, and they want the companies they buy from or to do business with



are also very much about community and impact and social good.

So it needs to be much more of a strategic goal that I think we're kind of getting towards in the city. There's a large recovery effort that's very collaborative. There's definitely a lot of talk about doing more business with black companies, doing more business within communities, doing more business that actually increases labor and salary wages, so I think this is an interesting turning moment. But in terms of access and how we build inclusivity, it has to start from leadership, and it has to start from corporations that are leading so that others will follow.

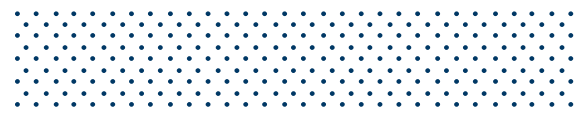
Strategic and inclusive innovation really starts from just leadership, and it starts from corporations that people basically call anchor institutions. They have to also follow and really set paths and agendas where other companies can lead in their direction, lead into their impact, and lead into their strategy to really look at how community, how business, and how overall market can also be emboldened, inspired, and grow in this inclusive environment that we're definitely now adhering to and should also be just bolstering as the companies that do business with them.

Peter Madden:

All right. The ultimate win-win, in my opinion. That's so well said, Brigitte. Win-win seems to be a theme that's running concurrent through this whole session, and I really appreciate that. Suzie from CapTech, as Chief Human Resource Officer you're in charge of making sure over a thousand consultants across eight offices hear the message that leadership isn't just about being the first one to raise a hand. How can an organization take the traits of a conscious leader and permeate that throughout the organization to create and embolden a company-wide culture?

Suzie Turner:

Thank you. That is a great question. At CapTech, we are really passionate about our core values, and I think that is why this book spoke so much to me as a leader at CapTech. We try to integrate our core values into all aspects of our business, how we serve our clients, how we work with our employees. It's really a part of us, and it is the foundation of our culture that we're just incredibly protective of and proud of. I would say, to your point, our way of making employees or helping



employees to become better is a little different than what you would see in a normal company, where lots of times companies really foster an environment of competition, where employees are encouraged to do everything they can to get ahead as fast as they can, climb the ladder.

At CapTech, we're actually doing the total opposite. We try to attract employees and build employees that are really passionate about building those around them, so taking the ego out of it, replicating your skills in others, and really caring about the team, and it's a really different approach. It's been a great business model for us, and we really feel like it's differentiating us in the marketplace from other consultancies, so we're pretty proud of that, and that's very aligned with what John describes in "Conscious Leadership." I've also called it just leading with heart, and leading with love is the other way that we've been talking about it today. Our leadership team really just first and foremost tries to always do the right thing.

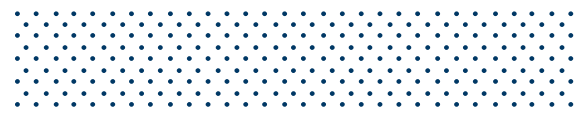
We try to always do the right thing, and more importantly, to really encourage our employees to do the same as stewards of our culture.

Peter Madden:

That's fantastic, Suzie. Thanks so much. In terms of being prescient to John's earlier point, I think taking the ego out is a huge part of that, a huge part of it. Really appreciate that. Speaking of, what advice would you give to an executive in an industry that may not be known for its commitment to inclusivity about becoming an ally and leading by example about how to make that transition?

John Mackey:

If they came asking for my advice, wanting to get some feedback, I'd have to dig deeper with them, I'd have to ask several deeper questions to figure out exactly what they're looking for. Are they specifically looking for advice about inclusivity, which you used that word? Are they looking for advice about how to be more socially impactful, to have higher morale in their organization, to find their higher purpose? What about stakeholders?



Peter Madden:

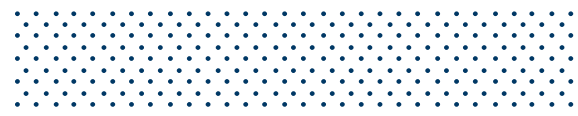
Right. Understood. Perhaps for the whole panel, innovation being a requirement for success in today's environment, how do you inspire a culture of innovation at your organization? Perhaps begin with Brigitte?

Brigitte Daniel Corbin:

There's so many different ways you can interpret innovation, and just in terms of even the late, great CEO of Apple, Steve Jobs. To him, innovation, and I kind of agree, it's just a different way of doing things. It's a new way of doing things that basically brings out some kind of value, and for Wilco, we've been able to even remain a very relevant and timely company, because a lot of really what we do is around information and access. That's what we've been ingrained in. That's what we've been instilling for the last 40 years of being a black-owned business in the city of Philadelphia, but that's how we've been able to still keep at the table of just commerce and our customers.

For a very long time, for like 40 years, we were providing cable services to underserved and minority communities all around the city, and a lot of those services, of course, just iterated themselves, just because of technology. You went from cable, to internet, and from internet, it went to jobs and health and all those things that people now use. In terms of just the lifeblood and the power grid of society, which is, of course, being online and through internet access.

But right now, because we're shifting even our own focus, it's now about the built world, our space, and literally, in marking 2020 of a year that's all around how do we now redefine our space, how we use it, how it's protected, what it looks like, how it's being technology-driven, how data is now helping to fuel strategy, growth, impact? That is a big part of innovation, a way of doing things that's now different from what we've done before, but totally catered in to what is actually need. Along with that, also, of course, social impact, social good, which is a kind of part of our history DNA.



I think that's where you're always going to find just innovation that comes, really, because a lot of companies don't really do social impact. I kind of think John kind of said it. It's not like something that you have to do, right? You want to do it, but it's not easy to even figure out what that win is for communities. Have you even talked to them? What your win is different what their win is. You got to really understand what impact means for your company and how it drives, but that in itself is innovation. Companies figuring out how can they return on investment and return on the community should be part of everyone's innovation strategy, and it definitely has been part of Wilco's.

Peter Madden:

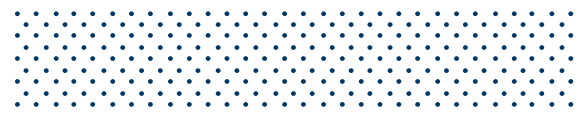
Fantastic. That shines through for your business. Suzie, what would you say? How do you inspire a culture of innovation at CapTech?

Suzie Turner:

At CapTech, innovation is everything to us. We're a tech firm, so for our employees, it's their passion, it's their currency, so we're always excited about innovation. We've done something really simple, but it's actually gone over so well. It's been so well received. We do something a few times a year called innovation challenges. What we do is we put a topic out, so we've had a few topics recently.

For example, we did our most recent topic was accessibility for people with disabilities. We did wearable tech. Just varying topics in technology. Then we have our employees, just on their own, they self-form teams, and they get together, and they either prototype, or they come up with a new service or a new idea, a new technology that they work on together as a team. Then they present it to the company, to our leadership panel, and we kind of evaluate and then see what we can kind of test and learn and put in front of our clients.

For them, it's great. They're learning. They're building new technologies. They're innovating. But also, at its core, it's been a really great connector for our employees in helping them to bond across all of our offices, so this has been something that's really fun, that our employees talk



about, and I know they really enjoy.

Peter Madden:

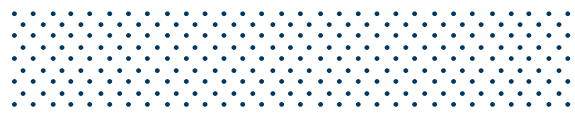
Fantastic. Thanks so much, Suzie. Looks like we're getting near the end of the panel, but perhaps a final question for John. What are the characteristics or qualities that you look for in team members? Perhaps another way I could ask you this, do you have a favorite interview question you may ask to get to the heart of a person and get the representative out of the room?

John Mackey:

Of course. Everybody that I'm going to interview is going to have a great resume. They're all going to have a very high IQ. They're all going to probably have gone to major universities, generally, if they're going to interview at a senior level at Whole Foods. I'm looking for emotional intelligence. That's what I'm looking for.

I'm going to take for granted that they have a high IQ, and I'm looking for emotional intelligence, and I'm looking for integrity, because if they don't have integrity, you just can't hire them. But then, the thing that's so tricky at Whole Foods, I'm looking for cultural fit. I tell the story that of the last 16 senior executives Whole Foods has hired from outside the company, they had great resumes, they were all super smart, they all were great. Only eight of them made it culturally, eight out of sixteen, because the culture is like an immune system. It looks to see who fits and doesn't fit, and those who don't fit, the culture begins to begin to expel them like a foreign invader, like a pathogen.

You invest a lot of time in people. You bring them in. If they don't have cultural fit, you've got to move them out. It's just such a hassle and a waste, so I'm paying a lot of attention to cultural fit, and we go through a battery of interviews before we make that selection. We do a tremendous amount of group interviews. I oftentimes say you can fool one person. It's very hard to fool a larger group, particularly in repeated interviews. People begin to figure that person out more effectively than you can do by yourself.



Peter Madden:

Well said.

Diana Lind:

Thank you so much, and thank you, Peter, as well for moderating that discussion. I wanted to just make sure that we have a little time here to get into just a couple of the audience questions that we have. One of the first questions that came in, which I thought was really interesting, is how do some of the strategies around love and integrity play out in a government setting with government leaders? I wondered, John, if you had any thoughts? Is anything different in that regard, or do the same principles sort of apply there as for business leaders?

John Mackey:

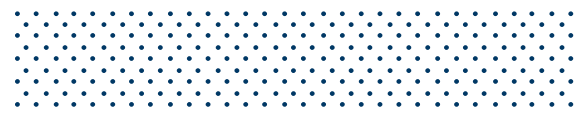
I don't think they're any different, and I will tell you a story that in my virtual book tour I had an hour and a half discussion with the leaders of the IRS. They wanted to talk about the higher purpose of the IRS. They wanted to talk about leading with love. They wanted to talk about how they can change their culture. All these ideas are applicable, not just in business. They're applicable in government, healthcare, education, the military. These are human principles. They're not just business principles. Take that as a good sign if the IRS is trying to begin to try to lead with love. I thought that was very interesting and fun when I did it. They were great, by the way. I was very impressed with the commissioners that I talked to.

Diana Lind:

That's great. One other question for you, John. Could you share a little bit more about your personal growth trajectory from startup founder to CEO? You mentioned if you're married you change over time, how do you change as a leader from startup to CEO of a huge company?

John Mackey:

Well, you could say "Conscious Leadership" is a how-to book. It's exactly what the book is about, how to become more conscious in all these areas, so the book itself is my answer to that



question. But you know, the last chapter in the book sort of is really kind of what catches that whole essence. The last chapter in the book is called "Continually Learn and Grow." That's the key, because as children, we grow automatically. We're learning new language. We're learning how to use our bodies. We're learning the culture. We're going to school. We're getting educated. We're having to learn about, eventually, how to make friends. We go through this whole trajectory as children of learning and growing.

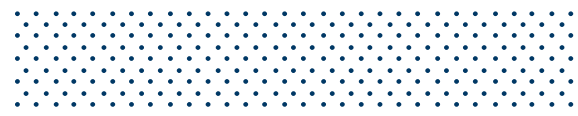
What happens to so many adults is they get out of school and they just stop learning, and now they move a new stage in their life called work and raising a family, but there's no reason why learning should stop there. If you really want to be... It's fun to learn, and I don't mean just through books and stuff. I mean, I'm talking about in all different aspects. It's fun to learn new skills, and we should learn all our lives. We should never get to a point where we stop learning, and we should be learning and growing all the time. That's the challenge I would put to people. The world is constantly changing and evolving, and we need to continually change and evolve ourselves, not just to keep up with it, but because we'll enjoy life a lot more if we are doing so. That's a challenge I'll put, and our book is really all about that.

Diana Lind:

Absolutely. That's definitely something that the Arts + Business Council believes. A lot of our work is focused on professional development and thinking about new skills that both arts leaders and business leaders can develop. We have a question from Tara Taylor for John, but also, I think for all of our panelists. Cultural fit can often lead to a lack of diversity, because people naturally connect with those similar to themselves. How do you align cultural fit with inclusion? Maybe we could go John, Suzie, and then Brigitte.

John Mackey:

What I want to say about inclusivity is 47% of the people that work for Whole Foods are ethnic minorities, so Whole Foods is already doing this. We just did a Cultural Compass, and we oversaw over 90% satisfaction overall in the company about inclusivity and diversity, so this is not really a big issue for our company. I think we tackled it a long time ago. That being said, because race is



on everybody's minds, we started an inclusivity taskforce at Whole Foods to ask the question how we can do even better than we're doing, and we have senior leadership engaged in that taskforce. They have yet to report back, but they've begun the work on it. That's what I have to say.

Diana Lind:

Sure. Suzie, do you want to add some thoughts from the HR perspective?

Suzie Turner:

I would say, like other companies, this is our top priority right now. Diversity and inclusion is the top of our playbook, not only now but definitely in the coming years, and our philosophy is that inclusion is core to our values. It's a part of everything we do. It's not just one subset. It's not an employee issue. It's how we serve our clients. It's how we go to market. It's how we engage with our community. We've got a wonderful taskforce, a group of employees cross level, that interacts with our executive team regularly, that is working to make sure that we integrate inclusion into all of our business operations. We're spending a lot of time and energy, a lot of education resources for our folks to make sure that it's always on top of mind.

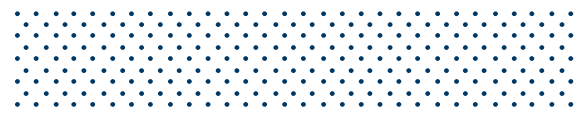
Diana Lind:

Great. Brigitte, anything you want to add there?

Brigitte Daniel Corbin:

Yeah. Sure. I think inclusion for us it's kind of a DNA thing, so we're always going to absolutely, inherently talk, think, be inclusion, because we are a representation of diversity. For us, we spend a lot of time actually helping the Whole Foods and the CapTechs really understand what that means for their own culture, and I love the idea of Cultural Compass, because a lot of times, that's what's needed.

But inclusivity really also just isn't about who you hire and if they're black or white or Asian or if it's a woman or someone who's from the LGBT community. It's really about how your culture sustains their identity there, right? Are they going to stay there after you hire them? Are they



going to feel appreciated and valued after you hire them? Are you doing business with other types of vendors, not the same ones? When Whole Foods builds a new building, is it the same GC that has the same kind of contractors, or are they really diversifying their own suppliers and vendors? I think that's the kind of more deeper rubric that we start to really start to help organizations unravel.

A lot of people, a lot of organizations put out commitments during the pandemic around just inclusivity with other businesses particularly in the black community, but we really haven't seen a lot of what that really looks like tangentially and what it looks like in real time. It's a great moment to show and prove that outside of within your organization, but really, without, outside of your organizations. That's what we've been really trying to help just other anchor institutions move that dial, because it's time, it's needed, and it's way overdue.

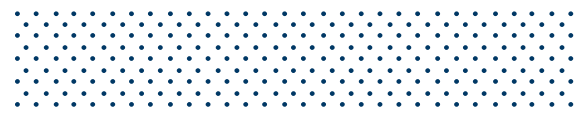
Diana Lind:

Absolutely. All right. Thank you for that. I think we have time for maybe one or two more questions here. This one is for John, and it's from Greg Hagen. He says, "In light of win-win-win and multi-stakeholder capitalism, how would you describe and differentiate the roles and responsibilities of the public sector, private sector, and non-profit sector in solving today's greatest challenges?" I'm curious to know how you think of your company collaborating with these other kinds of stakeholders to help tackle some of these issues?

John Mackey:

Basically, I have a simplistic formula, which isn't perfect, but it probably will serve as a decent answer here to the question. Fundamentally, business is far more efficient than non-profits and governments. That's just a simple fact, so if it's a problem that a business can make a profit solving, it's a problem that belongs in the private sector. Business is going to be inherently more innovative and creative. It could be more disruptive.

So if it's a problem that the private sector can solve, the private sector should work on it. But there are many problems that don't. Take one, animal welfare. I mean, there's some things that



business can do in animal welfare, but in general, there's not a way to make a profit in taking better care of animals, so you have non-profits like a Humane Society of the United States that dedicate themselves to that. In that case, it's very good for businesses to help fund those non-profits. I think business philanthropically can make a difference by working closely with select non-profits.

Whole Foods does this with our Whole Planet Foundation. We work with microfinance institutions all around the world. We help fund them. We may give them some advice, but in general, they're doing the boots on the ground work, and we're helping them fulfill their mission. So I definitely believe in this partnership between business and selected non-profits, and hopefully non-profits that are sort of in the same mission that aligned well on your higher purpose as an organization.

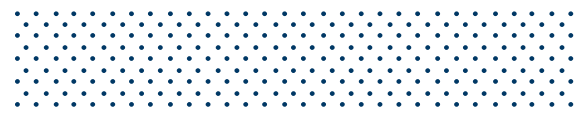
Same thing with government. There's times when business needs to partner with government to... Government has to tackle the problems that neither the private sector nor the non-profit sector can handle. There's some that are just too big. Climate change is a good example of one that neither the private sector nor the not for profit sector can obviously handle. Anything that's cross-national, international borders. If you're trying to protect sea animals that swim around, you're not going to be able to solve that from a private or just a non-profit sector, so government involvement is necessary. Private sector can oftentimes offer advice, resources, so I definitely believe that there should be partnerships, sometimes between all three.

Diana Lind:

We could go much farther. But I want to say thank you so much to all of our participants here, and thank you so much to our sponsors, CapTech, Fair Trade Outsourcing, AgileCat, SEI. I wanted to just quickly wrap up and say that this was a fantastic program, and if you liked what you saw, you should know more about the Arts + Business Council. As John mentioned, leadership development, professional development is so important.

Diana Lind:

We still have space in our Creative Exchange program with Philadelphia's top creative talent,



helping participants build skills in design, research, and analysis, and of course, looking at how to pivot amidst the pandemic. And we're also about to launch our Business On Board application process, where we teach business professionals how to sit on a non-profit board and then match them with local arts organizations. Another way to connect with the non-profit sector that's been particularly hard hit by the pandemic. You can learn more about our programs at artsbusinessphl.org. I just want to say thank you again for all of you for joining us, and thank you to John Mackey and all of our speakers here today.