

HELPING OTHERS

**Remarks by John C. Bogle, Founder, The Vanguard Group
On Receiving the “Others” Award from the Salvation Army
Philadelphia, PA
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I am deeply honored to receive the “Others” Award of the Salvation Army, and pleased to have the opportunity to offer some brief reflections about the need, for each one of us here today, to reserve a fair portion of our busy lives for “giving back”—in the spirit of the award—for helping others in the community in which we raise our families, pursue our careers, and live our lives.

In the hope of giving some deeper context to my remarks, I’ve taken the liberty of providing complimentary copies of my 2009 book—*ENOUGH. True Measures of Money, Business, and Life*—at each table. Now in its second printing, I was honored to receive a Foreword from President William Jefferson Clinton, a Prologue from best-selling author and business guru Tom Peters, and an endorsement from Yale Endowment Fund Manager David Swensen. Ironically, David found in the book the very message that I’d like to amplify today: “a challenge for each of us to aspire to become better members of our families, our professions, and our communities.”

The Story of *Enough*.

If I simply give you the titles of its ten short chapters, you’ll easily understand what *Enough* is all about. Tom Peters described them as “the Ten Commandments:”

Note: The opinions expressed in this speech do not necessarily represent the views of Vanguard’s present management

On Investing--

- Too Much Cost, Not Enough Value
- Too Much Speculation, Not Enough Investment
- Too Much Complexity, Not Enough Simplicity

On Business--

- Too Much Counting, Not Enough Trust
- Too Much Business Conduct, Not Enough Professional Conduct Too Much Salesmanship, Not Enough Stewardship
- Too Much Management, Not Enough Leadership

On Life--

- Too Much Focus on Things, Not Enough Focus on Commitment
- Too Many Twenty-First-Century Values, Not Enough Eighteenth-Century Values
- Too Much “Success,” Not Enough Character

My mission in writing the book was to provoke readers to think about these issues, and begin to move our society to a point where it has *less* of those attributes that we now have *too much* of, and *more* of those attributes of which (it seems to me) we have not nearly *enough*.

Given our celebration today of the marvelous community service performed by The Salvation Army—most recently in the completion of the fabulous Kroc Community Center up in Nicetown—I thought that Chapter 10—“Too Much Success, Not Enough Character”—would be especially relevant. It begins with a wonderful story told by The Reverend Fred Craddock, a remarkable preacher from Georgia. He may have been imagining things—the way preachers are wont to do—but he says this story really happened. Dr. Craddock was visiting in the home of his niece. There was this old greyhound, one of those speedy dogs who race around a track chasing mechanical rabbits. His niece had taken the dog in to prevent it from being destroyed because its racing days were over. Dr. Craddock struck up a conversation with the greyhound:

I said to the dog, “Are you still racing?”

“No” he replied.

“Well, what was the matter? Did you get too old to race?”

“No, I still had some race in me.”

“Well, what then? Did you not win?”

“I won over a million dollars for my owner.”

“Well, what was it? Bad treatment?”

“Oh, no,” the dog said. “They treated us royally when we were racing.”

“Did you get crippled?”

“No”

“Then why?” I pressed. “Why?”

The dog answered, “I quit.”

“You quit?”

“Yes,” he said. “I quit.”

“Why did you quit?”

“I just quit because after all that running and running and running, I found out that the rabbit I was chasing wasn’t even real.”

America’s Heritage

A true story? Well, perhaps not. But I expect that most of us who ply our trades in business, commerce, and finance know just how that old greyhound felt. How often have we sped around and around the track, doing our busy jobs and chasing the false rabbit of personal success, measured by wealth, fame and power? Then one day, if we’re lucky, we discover the real rabbit—a life well-lived, finding for ourselves a meaningful place in life, one which includes substantial service to our communities, especially those that desperately need help, populated by human beings with barely a fighting chance to enjoy “the inalienable rights to life, liberty, and the pursuit of happiness” that our Declaration of Independence promises.

Yes, our Declaration assures us that “all men are *created* equal.” But far too often that equality ends at the moment birth takes place. For too large a segment of our society, we find lots of inequality, including extreme disparities in wealth, in family cohesion, in education, and ultimately in opportunity as a whole. Yet together, we who have been so favored have much to do to help those far less favored, to spread “the blessings of liberty throughout the land.” As our Founding Fathers demanded, we must do our best to “promote the *general* welfare . . . for ourselves and our posterity.”

Despite the recent financial crash and our still-stumbling economy, with unemployment at shocking levels (and showing few signs of improvement), America’s material wealth—our productivity, our technology, and our innovation—remain the envy of the world. But let’s never forget that over the long term it is not wealth, nor things, nor power, nor money that form the heart of

any nation. Rather, it is our character—our values, our determination, our persistence, our resilience, our moral standards, and our virtue that has made this nation great. That character is the great reality of this nation, and what gives us *hope*.

Character and Values

It's easy to talk about the importance of character and values in this general sense. So now let me focus on a particular case where they are so easily visible. I refer, as you might suspect, to The Salvation Army, this remarkable charity, yes, but an equally remarkable investment. One of our greatest business philosophers and writers, the late Peter Drucker, clearly recognized that this organization is not only about charity and good works, but about investments that help it fulfill some of the nation's greatest needs. He told former Salvation Army National Commander Robert Watson that "I consider you to be venture capitalists." Whatever the case, it is also the Salvation Army's character and values that are the foundation of its impressive range of achievements, including those we celebrate today.

In his wonderful book, *The Most Effective Organization in the U.S.* (that's a quote from Dr. Drucker), Commander Watson noted that "people are driven by an intrinsic need to connect with a purpose larger than themselves," and even quotes the authors of two best-selling *business* books: First hear Jim Collins, author of *Built To Last*: "The best executives aspire to create something bigger and more lasting than themselves—an on-going institution rooted in a set of timeless core values that exists for a purpose beyond just making money." And now hear Tom Peters (whom we met at the start of my remarks today), author of "Search for Excellence" (with Bob Waterman): "We wonder whether it is possible to be an excellent company without clarity on values and without having the right sort of values."

Like many of you here today, I've read Commander Watson's book with compelling interest. By providential coincidence, his book is organized around chapters reflecting the same sorts of values that I expressed in *Enough.*, indeed the same sorts of values that I invested in Vanguard when I founded the firm back in 1974. Among those chapter titles that particularly struck me in his book were these:

- Engage the Spirit
- Put People in your Purpose

- Lead by Listening
- Spread the Responsibility, Share the Profits
- Act with Audacity
- Make Joy Count

A Word About Vanguard

I have the temerity to mention Vanguard only because my invitation to receive this treasured “OTHERS” award compared the Salvation Army’s quest with my own humble quest to build a unique *mutual* (shareholder-owned) enterprise that would give investors a fair shake by “sharing the profits” with our stockholders. We also aimed to serve the average investor, a lesser version of the quest of Salvation Army founder William Booth—he of “Blood and Fire” fame—to serve hurting humanity. Similarly, both our quest and yours came in the face of considerable opposition.

Of course it’s not possible to create a commercial enterprise that precisely matches The Salvation Army model. But Vanguard’s principles are virtually identical, and have been a vital factor in explaining what we have been able to achieve for those millions and millions of “honest-to-God, down-to-earth, human beings, with their own hopes, fears, and financial aspirations,” who have entrusted us with some \$1.6 trillion of their savings in their quest to achieve financial independence..

Yes, we “*Put People in our Purpose,*” with a promise to provide investors with their fair share of whatever long-term investment returns the financial markets are kind enough to reward us with (and, alas, their fair share of whatever short-term dips the markets are mean enough to inflict upon us along the way). That promise depends on the broadest possible diversification and on minimizing the costs of investing, the principal characteristics that drive our enterprise.

I also resonated to Commander Watson’s goal, “*Act with Audacity.*” (We even have a building on our campus named “Audacious,” one of Lord Nelson’s ships-of-the-line in his brilliant victory aboard HMS Vanguard at the historic Battle of the Nile in 1798.) Of course it was audacious to create this new mutual structure, to eliminate so many of the conflicts of interest that plague our industry, to start the world’s first index mutual fund, and to create an innovative bond strategy that was almost immediately copied by our peers.

We've also tried to "*Engage the Spirit*" of those investor/clients whom we serve and those associates/crewmembers *with* whom we serve. Without a spirit of mutual trust, we would be a pale shadow of who we are today. And we, too, do our best to "*Make Joy Count*", the joy of a job well done, the joy of service to others before service to ourselves. So, yes, principles-based, value-based organizations—even in fields as far apart as community philanthropy and investment trusteeship—can, under the right circumstances and the right leadership, make common cause in serving our constituencies, society, and our nation.

America Today

Let me close with a few brief thoughts about the challenges that our nation—certainly including its philanthropies and its financial service providers—are facing today. Events around the globe—wars, terrorism, uprisings—simply add to the uncertainty about America's future. The shaky economy, the masses of unemployed, the threats to our environment, the growing gap between rich and poor will not be resolved for a long time. And, unless we take action promptly, our burgeoning federal debt has taken us on the road that will lead to an unimaginable crisis.

Our political system is stalemated, and the powerful role of money in the system would have appalled our Founding Fathers. Courage and wisdom are what we need more than ever, but those are hardly the first two words that come to mind when talking about most of our political leaders. But there is always hope that courage and wisdom will ultimately prevail. As Churchill reminded us, "Americans always do what's right...but only after they've tried everything else."

Yes, in many respects, "these are the times that try men's souls." So, as Tom Paine demanded, we all must stand by service to our country. If we fail, as Paine said, "we have no one to blame but ourselves." So let's make sure that we are chasing the real rabbit of life, doing our best—in a complicated, risky, and uncertain world—to serve our nation and our fellow man. Once we do that, let's all keep running—and running, and running, and running!—the long race of a life well lived. We have quite enough lionizing of the notion of success as popularly defined by a certain kind of material wealth, fame, and power. But we do not have nearly *enough* of a more elevated notion of success, defined by a more spiritual kind of wealth, fame, and power, simply summed up in one word: character.

We can never have *enough* character. Our society needs every one of us to be part of the mission that will place character at the top of our national agenda—and assure that every one of our citizens has all of the opportunities America has pledged to provide. We can do it, but only if we make that noble task our own.