Silence is golden

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Bosses should keep their mouths shut, alas

“A-HOLE FOODS” reads the image adorning one of the more supportive articles to appear in the past week about John Mackey, the boss of Whole Foods Market, an organic retailer. In an op-ed article in the *Wall Street Journal* on August 11th, Mr Mackey set out some right-wing ideas for reforming health care strikingly at odds with those currently being pushed by the Obama administration. This provoked uproar in the online community that now rules the world—with an army of bloggers demanding a consumer boycott of the company, around 13,000 joining a "Boycott Whole Foods" group on Facebook and Twitter circulating countless pledges never again to darken the doors of its stores.

The company soon issued an apologetic clarification, noting that Mr Mackey had expressed his own views, not those of the company. He went even further on his personal blog on the firm’s website, pointing out that the title of the article in the *Journal*, “The Whole Foods Alternative to Obama Care”, had been added by an editor, and setting out the original, unedited version. This still contained enough dynamite to have ensured controversy by challenging the views of many Whole Foods customers—including opening with this observation by Margaret Thatcher: “The problem with socialism is that eventually you run out of other people’s money.”

Clearly, Mr Mackey is a boss who likes to speak his mind, usually with a directness and disregard for political correctness that makes him a journalist’s dream. Earlier this month he was quoted in the same newspaper saying that (as well as its healthy stuff), “We sell a bunch of junk”, a remark that echoed Gerald Ratner’s notorious act of business suicide in 1992 when he described an item sold by his eponymous British high-street jewellery chain as “total crap”.

So keen has been Mr Mackey to air his opinions that for years he posted trenchant comments on the Yahoo! Finance message board under the pseudonym rahodeb, an anagram of Deborah, his wife’s name. These included fierce criticisms of a competitor, Wild Oats, which Whole Foods later bought.

A journalist’s dream is a public-relations person’s nightmare—and, in this case, a shareholder’s nightmare, too. Perhaps a few right-wingers will now start shopping at Whole Foods as a gesture of support for Mr Mackey, but the odds are against it. A politically-motivated consumer boycott is the last thing Whole Foods needs at a time when it is also suffering from an economically-motivated boycott due to the high prices that earned it the nickname "whole paycheck". Ironically, it comes at a time when the retailer's share price has been recovering from its lows last November, although at $28 it remains more than 60% below its all-time high at the end of 2005.

The clear moral of this tale is that shareholders should require those they hire to run their firms to be Trappists—certainly when it comes to controversial topics unrelated to the company's activities, and which customers may feel strongly about, but perhaps in general.

It is no good arguing that consumers are being unreasonable in boycotting the firm: Mr Mackey, who often celebrates the authority of the market as a mechanism for allowing people to vote with their money, knows as well as anyone that they are entitled to spend their hard-earned cash as they please. Customers are free to take their business elsewhere if they don't like the views of the person running the firm, just as they might if they were disappointed that its Senegalese carrots were not organic.

Thus, the best strategy, from the perspective of maximising shareholder value, is probably for customers to know as little as possible about the personal opinions of a company's boss. When tempted to sound off on matters of controversy, bosses would be doing their shareholders a favour by taking a deep breath and then zipping it. Of course, there will be exceptions to this rule—such as at firms which have made a brand out of their founder's personality, such as Virgin and Sir Richard Branson—though even then, once the brand is established, the public comments of the founder must be managed with great care to maintain it.

This rule is bad news for society, which could do with hearing, from time to time, the logical arguments and wisdom built on experience that, at their best, business leaders can bring. For the sake of better public debate, and the better policymaking that ought to result from it, here's hoping that in this respect at least Mr Mackey puts the interests of his shareholders second, and continues to speak out.

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