

MANAGERISM

Claus Hipp

Eco-entrepreneur – Practitioner of the Christian Social Teaching

Manfred Hoefle – July 2020

"Fear God, Be Just and Fear No One" was the motto that Claus Hipp learned from his father. It is the proverb that he adopted as his own moral principle, and the motif of the firm which he founded in 1932 in Pfaffenhofen an der Ilm, Bavaria. The Hipp family business originated when his grandfather Josef opened a small confectionery and gingerbread bakery, after experimenting with flour and nutrients when his wife had trouble breastfeeding their twin children.

Ever since the 1950s, the HiPP business has consistently relied upon organically-grown foodstuffs. The family business is now the world's biggest manufacturer of processed infant foods. It is run as a fourth-generation family-owned business with declared personal liability (not a limited liability joint-stock corporation). HiPP is the market leader for baby food in Germany and elsewhere and HiPP products are sold in over sixty countries.

SUCCESSFUL ENTERPRISE WITH CHRISTIAN FOUNDATIONS

After the early death of his father, Claus Hipp took over as head of the firm at the age of twenty-nine. Claus had already been involved in the family business since his youth, had attended the nearby Benedictine Gymnasium school in Scheyern, Bavaria, Germany, had graduated from university with a doctorate in law, and already acquired wide-ranging practical experience, especially in organic farming. His guiding principle both then and now is to be "fundamentally honest and quality conscious".

The leitmotiv throughout his life has been to care for God's creation (preserve the natural environment), which means nothing less than to run the family business in sustainable harmony with nature. HiPP achieves this by close collaboration with partners including eight thousand organic farmers and committed retailers. Claus Hipp speaks with pride and self-confidence of his Christian outlook: "... it is my firm conviction that if we orient ourselves toward traditional Christian moral values, then the future will be well managed." Hipp believes that traditional Christian values should be the guiding principle for our actions. Furthermore, they are timeless, and include, firstly, the Ten Commandments, which he interprets individually as a guide for entrepreneurial behavior: for example, the avoidance of Sunday work in order to protect family life. Indeed, he wholly rejects the *marketization* of life.

Hipp's code of proper management behavior includes the four cardinal virtues: *Prudentia* (wisdom), *Justitia* (justice), *Fortitudo* (courage) and *Temperantia* (moderation). And in relation to society, the three principles of Catholic Social Teaching (often referred to as Christian social ethics): Subsidiarity (the personal responsibility of each family and each business enterprise); Solidarity

(common good, social justice, equal opportunities); and Personality (human development within public community). For Claus Hipp this triad forms the basic framework for the value-oriented management of a business enterprise.

PRINCIPLES OF SUSTAINABLE BUSINESS MANAGEMENT

With regard to value-conscious business behavior, HiPP GmbH was one of the first business enterprises in a German-speaking country to adopt a mandatory written code of behavior. This HiPP codex is founded upon the idea of Christian responsibility. Hipp believes in the unity of responsibility and liability. An entrepreneur (unlike corporate managers and corporate shareholders) should accept complete responsibility, accountability and liability for any mistakes they make.

The key points of HiPP's charter of ethics are:

1. Long-term success,
2. Quality management,
3. Behavior toward customers (trust, mutuality),
4. Behavior toward suppliers (partnership),
5. Behavior toward competitors (reciprocal action),
6. Innovation and growth orientation,
7. Behavior toward employees (disclosure of information, target agreements, employee selection, basic and further professional training, employee assessment, assessment of line managers by employees, avoidance of dismissals, dismissal methods, promotion of the family, works/enterprise councils, employees have a duty of courtesy, loyalty, constructive behavior, rejection of corruption and bribery. A spirit of entrepreneurship, time-conscious behavior, the provision of beneficial information and social commitment are all desired and expected.

SOCIETAL RESPONSIBILITY AS A DUTY

Bonum commune or for the common good means thinking and acting accordingly. This attitude stems from the commandment of charity, which is a part of Catholic Social Teaching and therefore a moral social duty (this aspect of Catholic Christian doctrine was also adopted by Chancellor Bismarck as part of his late nineteenth century social reform of the German state). This doctrine includes the concept of a social duty which is essentially attached to the ownership of property.

According to Claus Hipp, the type of political economic system that best conforms with societal responsibility is *ordo-liberalism* (of the Freiburg School) when combined with the Christian Social Teaching of Catholicism. The combination of these doctrines gave rise to the Social Market Economy as originally adopted by Germany after the second world war. But Hipp criticizes the 'over-inflated' welfare state of today. He attaches significant importance to the role of the family, with its essential cross-generational co-integration of person, family and community. Hipp criticizes the confusion of contemporary ideologies and *zeitgeist*: including hedonism, consumerism, individualism, which increasingly dilute the protection of marriage as advocated by Article 16.3 of the United Nations, "The family is the natural and fundamental group unit of society and is entitled to protection by society and the State."

From believing that each citizen bears personal responsibility and that freedom and responsibility are inseparable, as are rights and duties, it inevitably follows, Hipp believes, that the state should not intervene unnecessarily in the entrepreneurial business activities of its citizens. Claus Hipp, like many of his fellow business entrepreneurs, advocates a comprehensive unbundling of the

ever-growing thicket of business regulations. He argues that entrepreneurial freedom and responsibility is incompatible with a regulatory system founded upon mistrust and forced compliance. An honorable entrepreneur will act responsibly with respect to the future and wholeheartedly embrace a cross-generational perspective. Hipp also reflects upon the mistakes of the recent past, including the "sins" of the last 150 years, and in particular the negative consequences of industrialization. This awareness is reflected and accounted for in the HiPP Environmental Guidelines.

A MAN OF MANY TALENTS

Claus Hipp is a man gifted with a variety of talents. He was a passionate equestrian. He is a sponsor of classical music, and plays the oboe in an orchestra. He paints and uses the artist's name of Nikolaus Hipp. He teaches as a professor in Tbilisi, the capital city of Georgia, where he is an honorary citizen. Hipp has assumed many voluntary civil duties such as President of the Chamber of Commerce and Industry for Munich and Upper Bavaria. He is Vice-President of the Association of Bavarian and German Industry and he sponsors a food bank in Munich.

The life's work of Claus Hipp clearly demonstrates how a business entrepreneur, adopting a Christian image of mankind, will focus on the longer-term, will attach value to social solidarity, and will make a noticeable contribution to a better society. If human beings are recognized to be worth more than their labor power, and not degraded into an economic unit (*homo economicus*), but instead are empowered to naturally combine both their work life and family life, this is a fundamental precondition for the cohesion of both family and community.

ENTREPRENEURSHIP AS A VOCATION – DUTY-BOUND TO ACT HONORABLY

In recognition of its entrepreneurial achievements, the firm HiPP has received numerous awards – most recently for environmental management and before that in 2002 the world award for sustainability, the Energy Globe Award. HiPP GmbH is regularly voted the most sustainable business enterprise in Germany. It is not surprising that, as a family business, it has received a prize for being a "family-friendly" firm, but HiPP has also received the Honest Merchant Award and the Lateral Thinker Award. For Claus Hipp, being an entrepreneur means to take personal responsibility, without any ifs or buts, for the performance and actions of his business enterprise.

The personal declaration by Claus Hipp, "My name and my word are my bond", broadcast on nationwide television, is the HiPP seal of quality which is continued by his son Stefan. That promise by Claus Hipp turned the traditional conventional adage *Caveat Emptor* (Let the buyer beware) on its head; Claus Hipp's approach is "Let the seller beware". Perhaps this seemingly radical moral approach is one of the secrets of HiPP's business success and a reason why others fail. It was self evident to Claus Hipp that his 'different' moral approach to business would bring long-term success.

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Literature by Claus Hipp:

Die Freiheit es anders zu machen. Mein Leben, meine Werte, mein Denken (*The Freedom To Do It Differently: My Life, My Values, My Thinking*), Pattloch Verlag, Munich, Germany, 2008.

Das Hipp-Prinzip – Wie wir können, was wir wollen (*The Hipp Principle – How We Can Do What We Want*), Herder Verlag, Freiburg, Germany, 2012.