

THE MORMON WAY OF BUSINESS

By: Schumpeter

JOKES about sacred underpants have reached epidemic proportions, thanks to Mitt Romney's presidential bid and the musical masterpiece by Matt Stone and Trey Parker, "The Book of Mormon". But the Church of Jesus Christ of Latter-Day Saints, to give it its full name, is fighting back. A huge advertising campaign features ordinary people doing ordinary things—a white man sporting a beard, a black man sporting a moustache and a young skateboarder flying through the air—with the tag line: "I'm a Mormon."

The snag is, not everyone will buy the idea that Mormons are just like the rest of us. They don't get drunk. They have large families, stable marriages and a three-month supply of food in the larder in case of Armageddon. They are usually clean-cut and neatly dressed (the facial hair in the "I'm a Mormon" ads is thankfully atypical). And they have a passion for business.

Less than 2% of Americans are Mormons, yet their commercial prominence belies their numbers. Mitt Romney founded Bain Capital, a private-equity powerhouse. Jon Huntsman senior (the father of Mr Romney's rival for the Republican crown) founded Huntsman Corporation, an \$11 billion chemicals giant. David Neeleman has founded two cut-price airlines: JetBlue in America and Azul in Brazil. Ralph Atkin started a third: SkyWest Airlines. Eric Varvel is the boss of Credit Suisse's investment bank, Harris Simmons heads Zions Bancorporation, a more local bank, and Allan O'Bryant runs the Japanese arm of Reinsurance Group of America. J.W. Marriott runs the hotel chain his father created. Had Max Weber lived a century later, he might have made sweeping generalisations about the "Mormon work ethic".

Mormons have constructed a huge pro-business infrastructure. The Marriott School at Brigham Young University provides among the best value for money of any business school in America, charging Mormons just \$10,000 a year, a fifth of the fees at the leading schools. Mormons are such a force at Harvard Business School that people joke about being dominated by the three "Ms" (the other two are McKinsey and the military). Clayton Christensen of Harvard is one of the world's leading management thinkers. Stephen Covey, the author of "The 7 Habits of Highly Effective People", is one of its leading self-help gurus.

Small wonder young Mormons keep pouring into business. Provo, the home of Brigham Young University, is a high-tech hub, the home of Novell and hundreds of other computer and graphic-design companies. Big investment banks have added the Marriott School to Harvard and Wharton as one of their favourite hunting grounds. Goldman Sachs has opened one of its largest offices outside New York in Salt Lake City. Jeremy Andrus, a young chief executive, has recently taken Skullcandy, a headphone company, public for \$125m. Household income in Utah, where Mormons predominate, is above the American average.

What explains the Mormons' success? Clean living probably helps: alcohol clouds judgment and lubricates bad deals. A history of persecution may breed self-reliance: 19th-century Mormons trekked westwards across plains and mountains to escape the kind of bigots who murdered their founder, Joseph Smith, in 1844.

Modern Mormons have something in common with other industrious minorities, such as Parsees, who are prominent in corporate India, the overseas Chinese and Jews. But some of the answer may lie in the faith itself. Mormonism—the only global religion to have been invented in the past 200 years—is in some ways more business-friendly than its more ancient rivals.

Mormons revere organisation. They believe that God created the world out of chaos, rather than out of nothing. They also believe that men and women are capable of “eternal progression” towards “Godhood”, so long as they conduct themselves like busy little bees. The church is probably the best-organised in the world and certainly the most cost-effective. The president and his 12 advisers sit at the top like the board of a multinational. Below them, the church depends on a throng of lay volunteers. Church members begin to perform in public at the age of three. They become “deacons” at 12 and are given more demanding jobs as they grow older. The faithful are expected to give 10% of their pre-tax income to the church. No one knows how much money it has, but unofficial estimates are in the billions.

The missionary tradition

The fiercest crucible for young Mormons is the mission. Mormon men serve as missionaries for two years when they turn 19; women for 18 months when they turn 21. They have no choice over where they go and often have to learn a foreign language. They are cut off from their families (they are allowed only two phone calls home a year) and assigned a “companion” to keep them on the straight and narrow. They are expected to proselytise for ten hours a day, six days a week. Few other groups experience anything as demanding at a similar age. One exception is young Israelis, who spend gruelling years in the military, and who also have an outstanding record as entrepreneurs.

Missionary work provides young Mormons with a fluency in foreign languages that is rare in America. Mr Neeleman, for example, was born in Brazil and returned there as a youngster to do missionary work. His feel for the local culture, and fluent Portuguese, make it easier for him to adapt what he learned about running airlines in America to the Brazilian market.

Missionary work also teaches young Mormons to persevere despite harsh odds. They must sell a product for which there is almost no demand: an idiosyncratic version of Christianity that teaches that Christ made a post-resurrection visit to the United States, that the Garden of Eden may have been in Missouri and that drinking alcohol is a sin. After that, selling airline seats or life insurance must be a doddle.