
REMAPPING DEBATE

Asking "Why" and "Why Not"

So what does Bain say to its clients?

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Jan 18, 2012 — Does it really make sense to take at face value the statements made by and on behalf of Mitt Romney as he and his campaign try to place a positive spin on his tenure at Bain Capital? Wouldn't it be better to look at how the firm articulates its mission for current and prospective business clients?

The suggestions that Bain was or is somehow in the *business* of job creation or *sought* to create jobs are fundamentally deceitful.

So far, that has not been happening. Gov. Romney and his lieutenants have engaged in a two-track operation. One element — which may very well work — is to try to frighten the press into submission with the 2012 version of the Red Scare (“you’re giving aid and comfort to the enemies of capitalism”).

The other element is to turn his vulnerability on profiting from American job losses to the kind of “he said, she said” story that many like to serve up as evidence of evenhandedness.

As has been [reported](#), “Mr. Romney as of late has defended his record at the firm. He has touted the success of some businesses, including Staples, and said job losses at others were unfortunate.”

If there are two sides to the story, they certainly do not seem balanced: companies did shed jobs on the advice or at the direction of Bain, and job gains at some companies in which Bain invested did not necessarily mean a net gain for the economy (company A gaining jobs and market share at the expense of company B does not increase overall job numbers). Nor is it likely that any jobs added were as good as the jobs being lost through outsourcing or other domestic cutbacks (typically, good paying jobs with security have been traded in for poor paying jobs without).

But there is a deeper and more critical aspect to the story: the suggestions that Bain was or is somehow in the business of job creation or sought to create jobs are fundamentally deceitful.

Bain’s website is not terribly forthcoming about its operations, but it is [clear on this point](#): “Our mission at Bain Capital is to produce superior investment returns for our investors.” It’s “value-added approach” includes, of course, “strategies for improving operating earnings.” Does a single person in the United States believe that those strategies do not include major efforts to improve earnings at the expense of labor?

If Bain's clear statement of mission were not enough, its venture capital arm provides [further evidence](#) of the perspective from which Bain operates: "With a double digit percentage of our funds' invested capital being our own money, it's not hard for us to take the perspective of the management teams and entrepreneurs we back – we are in the same boat."

Take a listen to Bain & Company. Gov. Romney worked there as a vice-president in the late 1970s and early 1980s. He and other Bain & Company colleagues co-founded Bain Capital in 1984. Romney returned to run Bain & Company — which had been ailing — in the period from 1990 to 1992.

[As the Bain & Company website puts it](#), Bain Capital was created to "leverage Bain's results creation capability." On the same page, Bain & Company vouches for the fact that Bain Capital shares with it "a common approach to the challenges of our clients to deliver extraordinary results." In other words, separate entities with a common philosophy and a deeply synergistic relationship between the two.

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— Bain Capital Ventures

What is the approach of Bain & Company, the firm Gov. Romney restored to fiscal health? "On every case," [Bain & Company coos](#), "we look at the business from a chief executive's perspective." I'm prepared to trust Bain & Company's representation that it shares a common approach with Bain Capital, and that chief executive — whatever else may be on her or her mind — it's certainly not thinking, "I need to create jobs."

"Our mission," [Bain & Company continues](#), "is to help management teams create such high levels of economic value that together we redefine our respective industries." Redefining the level of value yielded in an industry. Surely that can include productive changes such as better organization or technical innovation. But, as with Bain Capital's "strategies for improving operating earnings," one would need to be very naïve indeed to believe that process is indifferent to the concerns of labor.

Perhaps, you may say, the critique is too harsh. Doesn't the Bain & Company website say that it tries to do right by "its people" and "its communities," too?

Well, that's the lip service; not let's get down to what is really important, as reflected in a [recent Bain & Company press release](#): "The firm was founded in 1973 on the principle that Bain consultants must measure their success by their clients' financial results."

That's the firm that Mitt Romney joined and ultimately led, the business culture he imbibed, and, as Bain & Company says, the business culture Bain Capital maintains.

There is nothing shocking about Bain Capital or other companies having a unitary value system (all that matters is our bottom line), but it is appalling that statements about broader aims — transparently designed to mislead voters — would not be received more skeptically.

We don't have the resources to explore deeply what Bain Capital has said to prospective and secured clients and partners over time, but we have a pretty good hunch that it wasn't, "Let's go out and create some jobs." It would be well worth the time to develop this record.

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