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saving the world at work

WHAT COMPANIES AND INDIVIDUALS
CAN DO TO GO BEYOND MAKING A
PROFIT TO MAKING A DIFFERENCE

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DOUBLEDAY

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The Power of One Revolutionary

There is a revolution under way, one that will change the way people define the role of business.

There is a revolution under way that will undermine billion-dollar companies if they don't respond to it, and make niche companies that embrace it enormously valuable.

There is a revolution under way that will transform our reasons for buying products and services. This revolution will be more influential than the quality revolution of the 1970s or the Internet revolution of the 1990s.

There is a revolution under way that will rival compensation and benefits as the primary reason to take a job.

If you're not paying attention to this revolution, you and your company may be running out of time to participate—and thrive in the post-revolutionary era.

The Responsibility Revolution has arrived. It demands that companies make a difference to society—not just indirectly, by producing jobs and profits, but directly, through their products, through their manufacturing methods and operational systems, through their environmental efforts and community outreach.

The consumers and customers leading this revolution will screen your company to see if it is socially responsible. Then, and only then, will they reward it with their loyalty.

The Responsibility Revolution represents a new consciousness among consumers concerning why we buy or don't buy, what we use or don't use. We want to make a positive difference with our wallets, and through our actions, to make the world a better place.

There is also a new consciousness among employees. We want to find greater meaning in our lives through our work. We want to be associated with companies that practice good corporate citizenship.

There is a new consciousness among investors as well. We want to shape the future by putting our money into companies that match our social values.

Consumers, employees, and investors are changing business. They expect the companies with which they do business to join them in taking responsibility for the planet on which we all live, and for giving back to the larger world.

This is not a revolution that can be ignored. It will not go away. If your business isn't socially responsible in the future, the forces of good will ride into the market like the cavalry, surround it, and choke off your supply lines. If you work in a company that is not socially responsible, whether it is a Fortune 500 company or a mom-and-pop operation, it will feel the impact on its profits and revenues, and your colleagues could lose their jobs as the company buckles under the weight of this new paradigm.

You don't believe me? Consider this: Today 65 percent of Americans are willing to switch to a brand associated with a good cause if price and quality are relatively equal. And 66 percent participate in at least one social cause-generated boycott each year (and with each passing year, the percentage grows).

In a recent study by the global consultancy The Work Foundation,

10 percent of young job seekers identified themselves as “ethical enthusiasts,” more concerned about the ecological values of their potential employer than they are about starting take-home pay. One-third of these job seekers will be looking for a new position soon, because they feel their employers’ contribution to the community is below par. Two-thirds of this year’s college graduates claim they will not work for a company with a poor reputation for social responsibility.

Even more like-minded individuals will hit the workforce in 2010. In a 2006 study of fourteen- to eighteen-year-olds (commissioned by ad agency Energy BBDO), 78 percent said money “was less important to them than personal fulfillment.” They went on to work for “companies that promote equality, a green environment, and social responsibility.” For them, purpose trumps paycheck.

Need more evidence? Socially responsible investments (SRIs)—mutual funds that screen companies for their contributions to society—rose 258 percent in the last ten years, a return on investment that beats the market by more than 15 percent. SRIs have grown in volume from \$235 billion in 1995 to \$2.3 trillion in 2005, which is twice the amount of money that came together a decade ago to fund the dotcom revolution. Financial analysts are starting to factor in the long-term risks of a company that pollutes, treats its workers poorly, or ignores the communities in which it operates—even if these companies are swimming in profits today.

Do you want to be part of a great company? If so, you need to understand that “great” is getting an extreme makeover. Today, *good* is the new great.

A good company is one whose mission is to improve the lives of everyone in its footprint: employees, suppliers, customers, supporting communities, and the planet.

Customers, workers, and investors are flipping the basic charter for business on its head. Making money, producing profits, paying taxes, and providing employment opportunity are not enough. Companies now must directly improve the world around them. Adding value to employees, the community, and the planet will be critical in the twenty-first century.

A landmark study by business consultants McKinsey & Company, *The War for Talent*, claims that the recruitment and retention of talent in management and leadership positions will be the key to maintaining a competitive advantage in the future.

Businesses are chasing too few dollars with too many products, according to research from industries as diverse as retail and high technology; there is a war raging for customers and their loyalty. This war will determine which companies will prosper in the future and which companies will be running on fumes.

As Wall Street recognizes, market valuation and the ability to raise investment capital are the keys to expansion. The battle for investment dollars is fierce. Without the oxygen of fresh capital and loyal investors, new companies cannot grow and mature companies cannot compete.

So who is behind the Responsibility Revolution?

I call the people who compose its growing chorus the Them Generation. Many of them were born after 1980, but its membership includes everybody, of any age, who is focused on "them"—that is, on others.

Growing up in the 1960s, I was part of the Me Generation. We were only one generation removed from the Great Depression. I lived a life of material scarcity: I thought primarily about me, my safety, my

security, and my future. Some called it self-involvement; I thought of it as survival.

The Me Generation was superseded in the 1980s and 1990s by the Us Generation, a group that focused half on me, half on you. This is basically the same story, same theme. What's in it for me? What's in it for us?

By comparison, the Them Generation sees itself as affluent rather than impoverished. These people don't expect merely to survive, but to thrive. To them, there is enough to go around, and they are making a cause of giving some of it to others. They have little connection to the fear and insecurity of the Great Depression. Even speed bumps in the economy, such as the mortgage industry meltdown of 2007, don't faze this group—they believe that these market lows will be followed by new market highs in the near future. They aren't obsessed with notions of scarcity, survival, and security. They've moved up Abraham Maslow's psychological ladder to a higher emotional need: to achieve significance.

Over half of all college students volunteered for a community or social project in 2007, up 50 percent from a previous generation; they are quickly becoming part of a purpose-driven economy, one that searches for meaning in work, career, and business. These students are focused on the faceless millions who have no voice, the impoverished workers in South America and underage children in Asia making our products. Them. The outside world.

Because the Them Generation wants to make the world a better place, they expect business to help. To achieve these goals, "Them-Geners" have become economic activists. They are a "smart mob" (a term invented by futurist Howard Rheingold), people who have the capacity to coordinate and collaborate with other people electronically to elicit change. They are wired to the gills and smart with their

tools, proficient at text and instant messaging, blogging, e-mailing, social networking, and working the World Wide Web. They can make things happen, overnight.

Consumers today are able to find out anything, anytime, anywhere, aided by gossip web sites, YouTube, and a host of other emerging digital tattletales. Little stays secret in today's society. Your company's actions and intentions will be revealed and posted somewhere on a blog or a bulletin board for all to read and forward.

As the century marches on, your social intentions will be more important to success than your business concept. A recent survey indicates that almost half of all consumers use the Internet to figure out if the actions we take and the products we buy are socially responsible. These are thumb warriors, with a cause.

Finally, ThemGeners are highly influential. Much as Microsoft chairman Bill Gates swayed investor Warren Buffett to give away most of his money to others, today's young revolutionaries are recruiting their elders to the cause. These fresh recruits—our parents and grandparents—have time to spare and fat retirement accounts. They represent one of the fastest-growing segments of new Internet users. They start out sending e-mail pictures of their grandkids and wind up sending mass e-mails of petitions, telling their friends to stop shopping at Wal-Mart or to boycott Exxon.

Washington, too, is contributing to the revolution in fits and starts. Reeling from corporate scandals, from WorldCom to Enron, the government has passed new legislation with teeth, compelling companies to comply or die. Legislation such as the 2002 Sarbanes-Oxley bill requires total transparency on the part of businesses in accounting and reporting. It creates a platform for government lawsuits against businesses with questionable ethical practices. It punishes repeat offenders with escalating fines. It penalizes socially

irresponsible businesses by locking them out of billions of dollars of government contract work.

Government is even beginning to penalize socially inefficient companies. The Oregon State legislature is considering a punitive tax on printing paper that would effectively double its price. Several other states are looking at similar taxes on a wide range of forest products, including wood and paper. Three separate, bipartisan bills in Congress seek to tax a company's carbon emissions beyond a set limit.

Companies that focus solely on profits are out of sync with the times. It's not enough to have your mission statement read: Make the shareholders rich. Such "shareism," or worshiping at the church of the stock price, is no longer enough.

Protecting the share price is constantly trotted out as an excuse for a company to refrain from doing the right thing for its customers, its employees, and society. And it keeps almost everyone at the company from thinking outside of a ninety-day box.

Under the impetus of shareism, a company can easily become shortsighted and inward-looking. Shareism sucks the energy and spirit out of companies, trapping them in a vicious cycle, seeing only this year's profit-and-loss statement and, in doing so, ultimately driving away customers, employees, and the larger community.

The fact is, customers don't care about the price of the company's stock or the financial return to its shareholders. But they do care about shortsighted programs that fly in the face of their values and pollute their world.

When shareism dominates a company, its team's energy is whipsawed by the floating price of the stock and the health of the profit-sharing plan. If the stock is down because of an analyst's negative report, so is employee attendance that day. More people call in sick.

Those who do come to work have that deer-in-the-headlines look on their faces and have a hard time concentrating on work.

When leaders at an airline decide to cut the flight attendants' pension plan to put a penny back in the earnings-per-share pool, not surprisingly passengers encounter surly attendants the next day.

When the stock is a company's only yardstick, it thinks less about the future and circles the wagons. Quality, innovation, service excellence, and profits dry up. If you're IBM, DEC, or GM, and profits are your only end game, my attitude is ABCya—wouldn't want to be ya.

Companies that are in business for good are already beginning to take your company's market share. These are the pioneers of the Responsibility Revolution. Everyone wants to work for them. Customers increasingly stand in line to buy from them. And investors are beginning to seek them out.

Can you see the dark storm clouds forming? Do you hear the rising thunder? To companies stuck in the profit-is-everything mode, those are the approaching signs of companies such as Whole Foods that have embraced the idea that profit is a means to change the world—in Whole Foods' case, to make the world a healthier place.

Other pioneers, such as SAS Institute (technology), Medtronic (medical care), Lush (retail), Timberland (manufacturing), and Interface (carpeting), are helping to set the pace, running ahead of the pack. They suffer some setbacks as they blaze the trail into unknown business territories, but I guarantee you they have few regrets.

Their stock's price-to-earnings ratio is higher than that of their less socially focused competitors; they are outperforming their rivals when measured against everything from profit to talent retention. They are satisfying their customers while letting them feel good about their patronage, and they're scaring the heck out of the traditional just-for-profit companies, who are scratching their heads over whether this is a fad or the new paradigm.

The premise of *Saving the World at Work* is simple. I want to recruit you, and train you, for the Responsibility Revolution. I want to help you feel good about your company and grow more good within it. I want to help you feel more fulfilled by your job, by helping your company to see the value of giving back to the larger world.

I believe the Responsibility Revolution will redefine innovation, branding, leadership, management excellence, and courage in the business world—because being good will not be easy. Individuals and businesses will need to develop what I call business social skills.

Among these skills: How can I properly link my personal goals with my company's business goals and add social value? How can I do it without a great deal of funding? How can I help to reduce my company's social inefficiency?

For many of you, this challenge will require developing a new type of business acumen. You may need to undo much of your on-the-job training in traditional P&L statements. You may have to learn to factor in your environmental footprint and the cost in human profits and losses. You may have to shift your thinking from narrow monthly or quarterly time frames to a much longer time horizon. You may have to learn how to design—or redesign—your business life to create a win/win for yourself, the company, *and* society. You may have to ask tough questions aloud, such as "Is this good for the company? Is this good for the world?"

You will most likely have to learn how to measure items you've never been taught to measure before: quality of life, clean air and water, the financial impact of goodwill, the financial risks of relying on nonrenewable and unsustainable materials, and the business value of improving local economic conditions.

I am speaking here to everyone from the mailroom to the boardroom. No matter who you are, or where you work, or how high up or low down you are in an organization, you can make a difference. You can shape your community. You can become the catalyst to produce outreach programs that embed themselves throughout your entire company. You can change the world at work, even if you don't have a title and have never fancied yourself a leader.

Let me ask you a question: What if I told you that one person, and not the CEO, can contribute to an extreme makeover at your company? Let me give you an example:

In 1994, Joyce LaValle was a Los Angeles-based, regional sales director for Interface Inc., an office carpet maker headquartered in Atlanta. In the summer of that year, Joyce's daughter, Melissa, mailed her a copy of a book—*The Ecology of Commerce*, by environmentalist Paul Hawken.

Inside the book, Melissa had written her mother a note that read: "Mummy, you've got to get Ray Anderson [Interface's CEO] to read this book. The carpet industry is creating a big problem and you need to do something about it!"

Melissa, an environmental studies graduate of the University of Wisconsin, had heard Hawken speak at a conference and had bought the book afterward. His message convinced her that many industries, including the carpet business, were destroying the environment. He argued that the world's industrial titans were plundering the planet for profit, practicing "tyranny against future generations."

Hawken's talk, as well as his book, converted Melissa into a full-blown revolutionary, and she wanted to recruit her mother to join her. She also set her sights on CEO Ray Anderson.

At that time Ray Anderson was, he says, "at best, neutral on the

subject, with a show-me-the-money attitude. Before the summer of 1994, I'd never given the environment a thought."

Starting that year, his sales team began relaying to their managers questions from clients they couldn't answer, such as "What is Interface doing to protect the environment?" Environmental consultants on the West Coast were telling sales managers that Interface "doesn't get it."

When Anderson first heard these comments, he replied, "Don't get what!?" He let the issue languish.

But back in California, Joyce read Hawken's book, became enamored with the message, and set out to find a way to get the book into Anderson's hands. Because she wasn't in a position to give it to him directly, she asked her boss at corporate headquarters, Gordon Whitener, to do so for her.

Joyce mailed Whitener the book, and Whitener casually placed it on the corner of Anderson's desk. There it sat for a few days.

What happened next, according to Anderson, was that "my research team and a few sales leaders were pressuring me to do something, and quick. They said, 'We want you to launch this task force, give it a kickoff speech, and launch it with your environmental vision.'

"I didn't have an environmental vision. And I didn't want to make that speech. But they stayed on my case, so I relented. Then I thought: What am I going to say? I couldn't think of anything except compliance, which to me was being 'as bad as the law would allow.' I knew that was not a winning vision. Then, a week before the meeting, I found this book on my desk."

He scooped it into his briefcase and, later that night, started to read it. "The book's central point was that the Earth was dying and the biggest culprit was . . . this make-waste industrial system of which my company is an integral part. I realized I was a plunderer."

Anderson slept fitfully and awoke the next day with a new business

vision. He called Joyce personally, thanking her for the book. And a few days later he gave a passionate kickoff speech, explaining why this was an ethical issue that needed to be addressed immediately, and sharing his belief that he and his team were “environmental vandals, stealing from the future.” By the end of the talk, almost everyone in attendance was in tears.

Anderson next put Hawken on retainer as a consultant and read dozens of other related books to expand his vision. Then he made sweeping changes throughout the company: He directed a team to slash carbon emissions in the production process (they responded by cutting them over 99 percent within four years). He commanded factories to recycle all vinyl carpet backing. His engineers redesigned carpet trimmings to dramatically reduce the amount of scraps that went into landfill. His sales team came up with a plan to lease carpet, guaranteeing that it would be properly disposed of when removed. He prohibited the use of virgin (first-use, nonrecycled), petroleum-based products.

Most significant, Anderson created a new mission statement—Mission Zero—promising to make the company environmentally neutral by the year 2020.

Within the first twelve years, Interface diverted over 100 million pounds of carpet and waste from landfills, where it would have taken tens of thousands of years to disintegrate. The waste- and energy-use-reduction programs produced the side benefit of saving the company over \$300 million in the first five years.

Today, Joyce LaValle is a senior vice president and widely respected in her industry as an important contributor to Interface’s environmental strategy. And Anderson continues to preach—he has now given over one thousand speeches advocating that other companies join him in climbing “Mount Sustainability.” He’s consulted with some of the most influential people in the business world, in-

cluding his old college friend Mike Duke, the number two executive at Wal-Mart. He's challenged his biggest suppliers, such as DuPont, to step up and match his efforts. He now describes himself as a radical industrialist.

All of this came from one person's courage to follow her heart. When Anderson wrote his 1998 book *Mid-Course Correction*, he gave a special acknowledgment to Melissa LaValle, the young woman whose passion and courage helped to change the carpet industry. And when I interviewed him for the first time, looking for the seed of his own passion for sustainability, Anderson quickly cited Joyce LaValle.

That is the power of one infectious revolutionary.