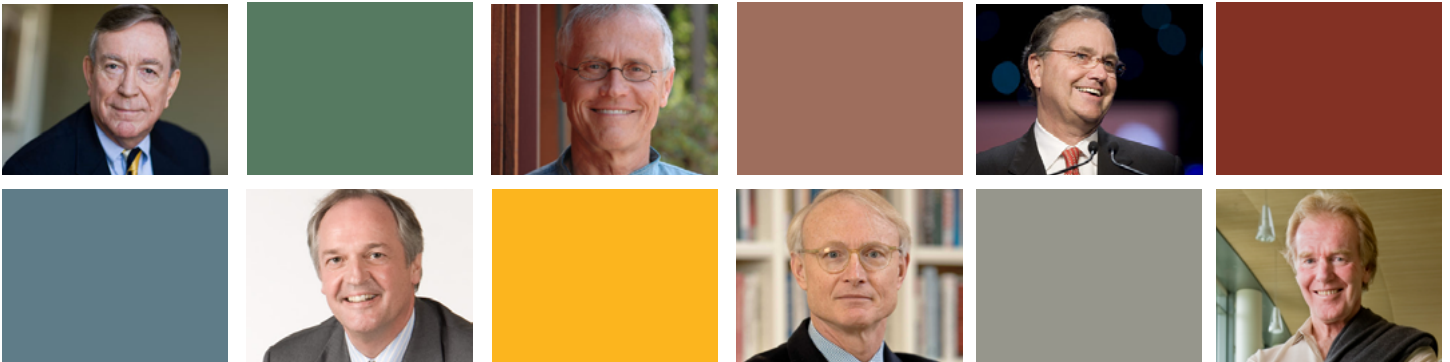




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Weinreb Group Sustainability Recruiting presents

PIONEERS OF SUSTAINABILITY



Lessons from the Trailblazers

September 2013

By James Epstein-Reeves and Ellen Weinreb
www.WeinrebGroup.com

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EXECUTIVE SUMMARY

1

Sustainability has arrived. Not too long ago - perhaps two decades or so - the fledgling field was considered niche. While still far from becoming universally and uniformly adopted, socially responsible business practices today are much more a part of commerce than ever before.

While no one person, company, or non-governmental organization (NGO) can take credit for the current state of sustainability, there are individuals who played an integral role in building this momentum. Some inspired business while others defied their sector and crossed bridges to form partnerships between industries. Others chose the academic route to make connections between the tangibles and the intangibles, giving the C-suite, the regulators and the implementers the power of data to back up what began for many as a gut feeling, a passion, a realization that things needed to change but lack of data to back that up.

As perhaps the greatest sign of sustainability's progress, those of us in the field now have a history to look back on and celebrate. And it is because of these Pioneers. It was in this spirit that the Weinreb Group decided to identify what became the six Pioneers of Sustainability featured in this report.

To identify these Pioneers, we asked individuals who hold the title "Chief Sustainability Officer" in their company and were featured in The Weinreb Group's 2011 report *CSO Back Story: How Chief Sustainability Officers Reached the C-Suite* and its 2013 update to name people who inspired them. The criterion was for individuals who made such important contributions to sustainability that the field would not be the same without them. We then conducted a survey of sustainability professionals to select one person from each of two categories, Chief Executive Officers and Thought Leaders, for a final nomination.

These six Pioneers share much in common. In addition to being inspiring voices of support for sustainability, their advocacy has had ripple effects beyond the four walls of the organizations they represent or the covers of the books they have written. To a degree more than most in the field, they are able to translate what the idealists dream of and pencil pushers demand into a common vision and a way forward. They are blazing trails for how business can create value for stakeholders and shareholders toward a much more sustainable planet. And they do so with boldness, visionary thinking, passion, and courage.

This report is divided into two sections. The first section provides background and a brief biography on the Pioneers. In the second section, we asked each Pioneer to provide their insights on four questions related to sustainability. In the case of the late Ray Anderson, his former colleague Jim Hartzfeld shared his thoughts on what Anderson's perspective might be.

As a final note, for the purposes of clarity and brevity we treat the terms "corporate social responsibility," "sustainability," and "creating shared value" as synonymous, unless otherwise noted. To us, this terminology means achieving positive business results while also having a positive effect on society and the environment.

Sincerely,



Ellen Weinreb & James Epstein-Reeves

Ellen Weinreb is the Founder of the Weinreb Group, an executive search firm specializing in sustainability and corporate social responsibility.

James Epstein-Reeves is the President of Do Well Do Good, LLC, a sustainability business strategy and communications consulting company based in Chicago.

PROFILES OF THE PIONEERS

THOUGHT LEADER



PAUL HAWKEN

Environmentalist, Entrepreneur and Author

Paul Hawken is the former CEO of Smith & Hawken who put pen to paper to write *The Ecology of Commerce*. He spread the word about sustainable business practices at a time when such thoughts were seen as revolutionary at best and downright crazy at worst. His passion and drive attracted an enormous number of followers including several Pioneers, especially Ray Anderson.



MICHAEL PORTER

Bishop William Lawrence University Professor, Harvard Business School

Michael Porter collaborated with Harvard University colleague Mark Kramer to develop the concept of “Creating Shared Value,” which outlines sustainability from a competitive strategy perspective. His reputation as a leading authority on competitive strategy lent an element of seriousness to the field. Through his efforts, many proverbial doors were opened that otherwise might not have been.

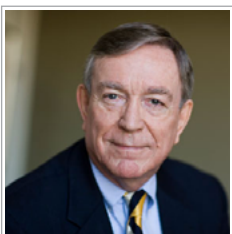


PETER SENGE

Founder, Society for Organizational Learning

Peter Senge has helped bring “systems thinking” into the mainstream, which identifies how companies learn, act, and evolve as an organization. Senge built upon his strong reputation in organizational development to help further sustainability. Among other endeavors, he helped in founding the Sustainable Food Lab and co-authored *The Necessary Revolution*. The book provides a clear articulation of how and why business can lead the effort for a more sustainable world and is considered a mandatory guide for many in business.

CEOs



RAY ANDERSON

Founder and Former Chief Executive Officer and Chairman, Interface, Inc.

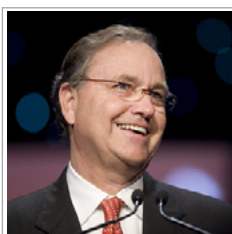
Ray Anderson led carpet manufacturer Interface to become, according to many, the leading company in sustainability. Anderson was the company’s passionate and unabashed leader and left no ambiguity about where he stood on business practices related to people and the planet. In addition to inspiring many, including many of his fellow Pioneers, Anderson’s advocacy changed the entire carpet industry.



PAUL POLMAN

Chief Executive Officer, The Unilever Group

Paul Polman is the current CEO of Unilever. As the acknowledged head of his company’s commitment to sustainability, Polman has made several bold moves to reinforce the long-term view of the company’s investments and business goals, including ending quarterly profit reporting. Polman looks at the “bottom line” differently from any other CEO currently in business.



LEE SCOTT

Retired President and Chief Executive Officer, Wal-Mart Stores, Inc.

Lee Scott is the retired President and CEO of Walmart. Scott led the company through one of its most dramatic and possibly unexpected transformations. Perhaps no other company faces as many critics as Walmart. But Scott fought naysayers, both inside and outside the company, with boldness and audacity to make sustainability a top priority at the world’s largest retailer.

THOUGHT LEADERS

PAUL HAWKEN

MICHAEL PORTER

PETER SENGE



PAUL HAWKEN

Environmentalist, entrepreneur and author

Paul Hawken is an environmentalist, entrepreneur, journalist, and author. Starting at age 20, he dedicated his life to sustainability and changing the relationship between business and the environment. His practice has included starting and running ecological business, writing and teaching about the impact of commerce on living systems, and consulting with governments and corporations on economic development, industrial ecology, and environmental policy.

“This planet came with a set of instructions, but we seem to have misplaced them,” Paul Hawken told the graduating class of the University of Portland in 2009. “Civilization needs a new operating system. You are the programmers, and we need it within a few decades.”

From 1979 to 1993, Hawken led the garden lifestyle brand Smith & Hawken along with Dave Smith. But in fact, it was his writing after he moved on that led to his selection as a Pioneer. He tells us in the interview, “Writing is my way of diving deep into an issue. My approach is to watch, read, and listen, sometimes for years, in order to grasp the dynamics, resistance, and patterns of thought that repeat and impede progress and breakthrough. What I try to do is reframe the issue, and in order to do that I have to give up the idea that I know something or am “right.” It means finding a path to see things in a completely novel way, to make the familiar new and, if possible, fascinating.”

Creating A Revolution

Seldom does any single book create a revolution, especially so in the field of business. And yet, *The Ecology of Commerce* stands as an extremely influential book.

Indeed, of all the moments that awakened fellow Pioneer Ray Anderson, reading *The Ecology of Commerce* was like a “spear in the chest” for him. The connection between these two Pioneers was so strong that Hawken eulogized Anderson

at his funeral, stating that if his book were only read by one person, Ray Anderson, it was worth writing.

*Business is the only mechanism
on the planet today powerful
enough to produce the changes neces-
sary to reverse global environmental
and social degradation*

But the book wasn’t an immediate success - far from it. Hawken remembers giving a speech to a business audience as he was writing the book. He recalls that some in the crowd reacted angrily and even a few individuals left the room.

“Either we see business as a restorative undertaking, or we, businesspeople, will march the entire race to the undertaker,” Hawken said in 1992 to the Commonwealth Club of San Francisco. “Business is the only mechanism on the planet today powerful enough to produce the changes necessary to reverse global environmental and social degradation.”

Measuring Success: An Inherent Problem

Yet, Hawken also sees a fundamental problem with the way our economic system is measured. “As long as we study what’s being bought as opposed to what’s being fulfilled, we’ll always come to the wrong conclusion,” he said in an interview with the Global Oneness Project. “Really, the proper study of economics is fulfillment, not consumption... It doesn’t even matter if it’s a green product or a green house... It’s still consumption. What matters in this world is the fulfillment of people’s needs and the fulfillment of their aspirations.”



However, the barriers to attaining this state are systemic. As he wrote in the preface to the revised edition of *The Ecology of Commerce*, “Business will need to integrate economic, biologic, and human systems to create a sustainable method of commerce. As hard as we may try to become sustainable on a company-by-company level, we cannot fully succeed until the institutions surrounding commerce are redesigned... where... everyday acts of work and life accumulate into a better world as a matter of course, not a matter of conscious altruism.”

Are We Part of the Momentum?

To put it simply, according to Hawken, piecemeal sustainability is actually unsustainable. Instead, he wants us to realize a fluid, interconnected world, and in the process, connect the consequences of our actions on the ecology and our communities, thus compelling action.

To put it simply, according to Hawken, piecemeal sustainability is actually unsustainable

“ Paul Hawken wrote about sustainability at a time when planetary pain was spiking and it was all we in the environmental movement could talk about. He helped us recognize that business was not just the source of that pain, but also, almost homeopathically, the remedy. We owe a joyous thank you to people like Paul who help us see the world anew. He is a beautiful writer, with muscular yet graceful prose that builds and soars and lands with a clarity that few can bring to nonfiction. To be educated and awakened by Paul’s writing is both delightful and rare.”

Janine Benyus,
Author, *Biomimicry: Innovation Inspired by Nature*

“ Paul combines visionary thinking, a literate, almost poetic voice and deeply held convictions to both show the way and keep us intellectually honest about what it really means to be a sustainable business.”

Joel Makower,
Chairman and Executive Editor, GreenBiz Group

Progress is already being made. As he mentioned in his University of Portland speech, “Humanity is coalescing. It is reconstituting the world, and the action is taking place in schoolrooms, farms, jungles, villages, campuses, companies, refuge camps, deserts, fisheries, and slums... When asked if I am pessimistic or optimistic about the future, my answer is always the same: if you look at the science about what is happening on earth and aren’t pessimistic, you don’t understand the data. But if you meet the people who are working to restore this earth and the lives of the poor, and you aren’t optimistic, you haven’t got a pulse.”

But as Hawken would likely challenge us: are we a part of that momentum?

“ [Paul Hawken’s] book *The Ecology of Commerce* was extraordinarily prescient. It inspired many in the sustainability movement (myself included) to do things they never would have done.”

Terry Kellogg,
CEO, 1% for the Planet



MICHAEL PORTER

Bishop William Lawrence University Professor,
Harvard Business School

Michael E. Porter is a leading authority on competitive strategy; the competitiveness and economic development of nations, states, and regions; and the application of competitive principles and strategic approaches to social needs such as health care, innovation, and corporate responsibility. In 2001, Harvard Business School and Harvard University jointly created the Institute for Strategy and Competitiveness, which is dedicated to furthering his work and research.

It is impossible to work in modern business without using at least one of Michael Porter's ideas. By many accounts, he is cited as one of the most influential business strategists – ever. Among many others, his ideas include the “Five Forces” framework to identify the competitiveness and attractiveness of an industry, the theory of competitive advantage, and the concept of a “value chain.” He is an intellectual heavyweight who has the respect of even the sharpest critics of sustainability.

Indeed, these critics often dismiss sustainability as a peripheral issue, as a fad, as green-washing, or as a non-serious business issue. Yet when Porter teamed up with another great Harvard University academic, Mark Kramer, to introduce a new framework called “Creating Shared Value” (CSV), he lent his much needed and respected reputation to the sustainability field.

The Origins of CSV

Porter began looking into environmental issues while conducting research for his book *The*

Competitive Advantage of Nations. Among many other insights, Porter found that the countries that implemented strong environmental regulations were actually more competitive than those that did not. This was a very different finding from the thinking of the time.

This kneejerk reaction, that any social issue or dealing with any social problem actually creates cost for the company and reduces profitability, that whole instinct is flawed.

Then in 2006, Porter and Kramer introduced the concept of CSV in a *Harvard Business Review* article and the pair expounded the concept in a follow-up *HBR* article in 2011. At the heart of the CSV framework is that the competitiveness of a company and the systems surrounding it are inter-reliant. And if companies act on this interdependency, they can create value for the business as well as society. In turn, this could launch “the next wave of global growth.”



CSV: The Next Generation of CSR and Sustainability?

Porter and Kramer see CSV as a more powerful approach than corporate social responsibility (CSR) and even sustainability, a term that is often associated more with the environment.

“In the CSR formulation,” Porter told us in an interview, “there’s a ‘check the box.’ You have to have a recycling program, you have to do carbon inventory, you have to save water, you have to save packaging. There’s a ... generic set of sustainability [checkboxes] that everybody has to do. When companies are dealing with those, that’s not where the excitement comes. That’s not where they really ‘get it.’ We and business have to look at sustainability in a very different way than we started looking at it.” He warns, “This kneejerk reaction, that any social issue or dealing with any social problem actually creates cost for the company and reduces profitability, that whole instinct is flawed.”

CSV is about seeing the opportunities, not the costs, of addressing social and environmental issues. “The more you start to help companies see that this is really about productivity and efficiency and the use of technology..., then all of a sudden the whole level of energy, focus, and the results dramatically improve.”

Mark is a brilliant, insightful, forward thinking guy. He is truly a world leader in this field and I wouldn't have undertaken this body of work without him. It's been an amazing partnership.

The Alphabet Soup of CSR, CSV, and Sustainability

After many years of hard work in the field, Porter believes that sustainability has become a mainstream issue. Nevertheless, he told us, “I believe that the nomenclature is still very confused. There are a lot of people using ... different phrases to describe the same family of issues. But I do think it’s mainstream... Now, how [companies] are thinking about it - and whether they’ve made the leap from CSR to shared value - that varies.”

Porter notes the terminology is less important than the motivations and actions of a company. He cites the examples of Unilever and the medical company Becton Dickinson as examples of companies that use different terms than Creating Shared Value. Yet, fundamentally they have made the shift to utilizing social and environmental issues as a means to creating business advantage.

“Michael Porter’s work has really propelled the sustainability movement. Sometimes the sustainability world is too much about doom and gloom. Porter’s ‘shared value’ approach is a positive and appealing business proposition that has raised the bar for so many companies, including McDonald’s.”

*Bob Langert,
Corporate Vice President,
CSR & Sustainability, McDonald’s Corporation*

A Pioneer's Partnership With Mark Kramer

It would be a complete miss to not acknowledge Porter's academic partner Mark Kramer in developing the CSV framework. Kramer is the managing director of FSG, a global social impact consulting firm which he cofounded with Porter. Kramer is also a senior fellow of the CSR initiative at Harvard University's Kennedy School of Government.

"Mark is a brilliant, insightful, forward thinking guy," Porter said. "He is truly a world leader in this field and I wouldn't have undertaken this body of work without him. It's been an amazing partnership. I love working with Mark, and we're working on the next article as we speak."

“ I see Michael Porter as a pioneer in sustainability for two reasons. First is his unrelenting commitment to creating value in ways that improve the world through his research and thought leadership. Like so many other dedicated sustainability leaders, Michael has a personal passion and commitment to use his life's work to advance social progress. Second, Michael brings an unusual sustainability perspective in his belief that capitalism and entrepreneurship are the most powerful tools to meet society's needs. He approaches sustainability through competitive advantage, zeroing in on the ways that a heightened awareness of social issues can drive business success, and a heightened awareness of corporate strategy can drive social benefits. Many sustainability and corporate leaders see social progress and increasing corporate profitability as opposites that contradict each other. Michael has the vision to see how they complement and reinforce each other.”

Mark Kramer,
Co-Founder and Managing Director, FSG





PETER SENGE

Founder, Society for Organizational Learning

Dr. Peter M. Senge is the founding chairperson of the Society for Organizational Learning (SoL) and a senior lecturer at the Massachusetts Institute of Technology. He has lectured extensively throughout the world, translating the abstract ideas of systems theory into tools for better understanding economic and organizational change. The Journal of Business Strategy (September/October 1999) named Dr. Senge as one of the 24 people who had the greatest influence on business strategy over the last 100 years.

The chief lesson of Peter Senge's work is to take a broader look – at ourselves, at an organization, at the marketplace, and at society. Senge is most known for his seminal book *The Fifth Discipline*, published in 1990, that applied this wider perspective to how organizations actually function and could potentially evolve into a stronger, better functioning organism. It was a departure from prevailing thought on how to change an organization: hire a charismatic leader who simply points to the direction to pursue. In contrast, the book provided guidance on how to embed what became known as “systems thinking” – building learning systems and a culture that is more fluid than hierarchal.

Supply Chain: An Interconnected Business

Senge also coauthored *The Necessary Revolution*, a book chronicling how many companies have achieved, or are potentially setting themselves up for, success. He defines success as a wider view of the organization to include the interconnectedness of society and the fluidity of the marketplace. For example, how will companies thrive or even survive if they no longer have access to the ingredients or the inputs that feed into the very products they sell?

Indeed, thinking in 10-, or 20-, or even 50-year timeframes or more is at the heart of sustainability, a term for which Senge is quick to point out his disapproval. “I don't like the term ‘sustainability,’” he mentioned in an interview for this report. “I never have.

We've all come to use it because it's convenient, but I think and I hope we actually outgrow it. It's like 'intelligent' versus 'stupid.' What we're doing today is really stupid.

If we were intelligent - if we were paying attention to the systems we're part of - we wouldn't be doing a lot of the stuff we're doing.”

There's a tremendous amount of things going on in the world that are very encouraging

Scaling Solutions...

But all is not as bleak. “There's a tremendous amount of things going on in the world that are very encouraging,” he noted, mentioning the food industry in particular. “But when we looked at it... the changes that were occurring weren't at the scale needed. And so then that became the problem.”

With Senge's participation, Oxfam and Unilever and some of the biggest food companies and NGOs around the world have started to work together through the Sustainability Food Laboratory, part of a growing trend toward restoring the biological and social foundations



of critical food systems. Over the last decade, for example, there has been a reversal in the decline of critical fisheries. According to Senge, approximately two-thirds of the fisheries in the Pacific Northwest of North America can now be considered sustainably managed. With support from the European Commission and the World Bank, it now may be possible to scale sustainable fishery management to the size needed.

“It was really clear that there’s evidence that this [scaling] can be done,” Senge said. “And the economic, social, and ecological benefits are dramatic. You can see people starting to recognize something can be done.”

““ *When I am asked to recommend the best book on sustainability, I always offer Peter Senge’s *The Necessary Revolution*. Based on his expertise in organizational change, Senge understands that sustainability is rooted in behavioral change and systems thinking. Partners, particularly unconventional ones, a long-term view, and accountability are the keys to success in sustainability.*”

*Jane Madden,
Partner and Sustainability Practice Leader, ERM*

...By Looking at the Entire System

Still, this is just one example, and as Senge would remind us, we need to look at the entire system. “We really have to take a step back and realize we’re at the beginning of the beginning,” he warned. “We’re so far away. This is about how human beings live. This is not about changing

corporate strategy. We’re at the eleventh hour and fifty-ninth minute. [In the future,] it’s all going to be about collaboration at new scales. It’s going to be about people working together across all kinds of boundaries that we still don’t cross - whether those are the boundaries in a supply chain or the boundaries between sectors or countries.”

And perhaps it is through the breaking down of those barriers that we achieve both the scale and scope we need for deeper, self-generating change.

““ *Peter Senge provided a framework for thinking about how to create a ‘learning organization’ that adapts to newly acquired knowledge – exactly what we need to build a sustainable world. I was given a copy of *The Fifth Discipline* in 1992 as a gift from a woman who has been a mentor, and I’ve never looked back.*”

*Kathrin Winkler, Vice President and Chief
Sustainability Officer, EMC Corporation*



CHIEF EXECUTIVE OFFICER PIONEERS

RAY ANDERSON

PAUL POLMAN

LEE SCOTT



RAY ANDERSON

Founder and Former Chief Executive Officer and Chairman, Interface, Inc.

Ray Anderson was the founder and former Chief Executive Officer of Interface. Anderson was a prolific speaker, delivering more than 1,500 talks and countless interviews sharing his passion for the Interface story – the business case for sustainability.

Few people rattled cages and paradigms like Ray Anderson, the founder and former Chairman and CEO of Interface. He was a man who was very passionate and direct in expressing his thoughts, and always to the point. Anderson founded Interface in 1973 with a groundbreaking innovation to sell carpet in smaller squares instead of large rolls, thus cutting costs for installation, replacement, and waste. The company became a global manufacturer within a few years and went public in 1983.

In the summer of 1994, Anderson picked up fellow Pioneer Paul Hawken's book *The Ecology of Commerce*, which affected him deeply.

From Plunderer...

As Anderson told a reporter from *Fortune* magazine, "Some day people like me would go to jail." As he further explained, "Theft is a crime. Theft of our children's future will some day be a crime." For Anderson, the way he had been running Interface was "the way of a plunderer."

Through a massive amount of work with Anderson's colleagues and through his own leadership, Interface started to transform from a leading carpet manufacturer into a leading company in sustainability.

"Thanks to the people at Interface," he said during his now famous TED Talk, "I have become a recovering plunderer."

...To Mission Zero

The company created "Mission Zero," which Interface described as "our promise to eliminate any negative impact our company may have on the environment by the year 2020." In 2012, the company reported it sent two million pounds of waste to landfill, a dramatic improvement from 12.5 million pounds in 1996. Likewise, it reduced its greenhouse gas emissions from 2.8 pounds per square yard to 1.6 in the same time period. In 2003, the company even created Cool Carpet - the world's first carbon neutral carpet, and has used the relatively new concept of biomimicry to innovate new products such as the i2 Products and TacTiles.

One of the key facilitators of these results was the Interface Eco Dream Team, which comprised Pioneer Paul Hawken as well as other formidable influencers including Janine Benyus, William Browning, Robert Fox, Amory Lovins, L. Hunter Lovins, John Picard, Jonathon Porritt, Daniel Quinn, Karl-Henrik Robert, and Walther Stahl. Fellow Pioneer Peter Senge was also an occasional adviser and provocateur to Ray's team.

Thanks to the people at Interface, I have become a recovering plunderer.



Unfortunately Ray Anderson passed away in August 2011, leaving behind his family, friends, and a long list of admirers, which include several of his fellow Pioneers.

Reinventing Commerce

Anderson was inspired by Donella Meadows' articles *The Limits to Growth* and *Places to Intervene in a System*, as well as Peter Senge's systems thinking, mental maps, and learning. Anderson's former colleague Jim Hartzfeld says Meadows' and Senge's works "helped us recast our paradigms at both the macro systems level and micro personal level." Anderson applied lessons from these sources to integrate sustainability in Interface's business practices, which also inspired his employees.

"Saving the boss money can only get you so cranked up," Hartzfeld recalled in being interviewed for this report. "But layer on top of that a big and audacious purpose of trying to reinvent commerce so that the world can be as we wish it to be for our kids and grandkids. And infuse that with basic education around eco-literacy and how nature works, [and] we started finding additional savings that exceeded all of our expectations and that the laws of diminishing marginal returns were just completely violated."

This is how sustainability became real at Interface.

"It was not about selling more carpet tile," Hartzfeld said. "It was about transforming the office and making [the products] more effective, more beautiful, and more inspiring. He had a big purpose - the ridiculous nature of an idea that a \$700 million in sales, business-to-business, and Georgia-based textile company could change the direction of commerce. That was just such a laughable idea! But he had a way of making people believe that they could actually do that and, if successful, we would change the world."

He had a big purpose - the ridiculous nature of an idea that a \$700 million in sales, business-to-business, and Atlanta-based textile company could change the direction of commerce

“Whether it was due to self-confidence and successes over the years or just his natural ability, he had an audacity and courage to do things that made sense to him. He always seemed to be able to see a bigger system than most people around him and, therefore, just seemed to have more access to potential risks and opportunities than other people did.”

Jim Hartzfeld, former Vice President, Sustainable Business Strategy, Interface



What's the Business Case for Ending Life on Earth?

In a moving eulogy, Paul Hawken summarized Anderson's spirit: "He stood up again and again in front of big audiences and told them that pretty much everything they knew, learned, and were doing was destroying the earth. He meant every word he spoke and those words landed deeply in the hearts and minds of the hundreds of thousands of people he addressed. There was no one remotely like him, nor will there ever be... His dream, his yearning for commerce that regenerates life and does no harm, his intention to re-conceive what it means to be a manufacturer, to bring industry and biology together into one entity, burned in him, a flame that never seared or ceased, and it will live on in his company and thousands more."

“His epiphany occurred at a time when most of us working in the field were a lot clearer on what was wrong with business than what to do about it. But what he really did was first implement dramatic efficiency improvements, then redesign his products and services, and finally turn the company to be restorative of human and natural capital. His success convinced us that these really were the principles of implementing a future that will work for everyone. [I still quote him on] something he said to me shortly before he died: What's the business case for ending life on earth?”

L. Hunter Lovins,
President, Natural Capitalism Solutions





PAUL POLMAN

Chief Executive Officer, The Unilever Group

Paul Polman is the Chief Executive Officer of Unilever. Prior to joining Unilever, Polman was Chief Financial Officer of Nestlé S.A. from January 2006 as well as Executive Vice President for the Americas from February 2008. He began his career at Procter & Gamble in 1979 with finance assignments in Belgium, the Netherlands, and France, leading to Associate Finance Director.

By many accounts, Unilever is considered to be at the top of a list of companies that are leading in sustainability. And the company's current CEO Paul Polman - the figurehead behind the company's famed Sustainable Living Plan launched in 2010 - is one of the most visible champions of sustainable business.

Polman summarized the Plan as taking "co-responsibility for the full value chain, from sourcing raw materials to consumer use and disposal. We had to measure the impact of all of our brands and categories, establish clear targets, and make sure that a system of activities was in place to deliver against those targets."

An Ambitious Plan

The Plan is remarkable for its ambition. The company aims to double its business while enacting its three-point sustainability plan: to help more than a billion people improve their health and wellbeing, to halve the environmental footprint of its products, and to sustainably source 100% of its agricultural raw materials.

The company is well on its way. In its most recent reporting cycle, Unilever claimed that 36% of its agricultural raw materials were sustainably sourced by the end of 2012, beating a self-set 30% milestone. As another example, Unilever also increased the number of tea farmers trained in sustainable practices to nearly 450,000.

No one person can take credit for this progress. But as a passionate advocate of sustainable business and as the CEO of one of the world's largest companies, Polman is responsible for elevating sustainability to a level not seen at other companies.

For Polman, it was time to leave the "rat race": an excessive focus on quarterly results, often at the expense of long-term value

Inspirational Leadership: More Than Directing Traffic

But being the CEO takes more than simply making a decision about a new direction. You have to integrate the idea by selling it inside and outside the company.

"First, for internal stakeholders, we tried to create the right environment to promote the right behavior," Polman described in an interview with us. "We abolished guidance, stopped quarterly reporting, and changed the focus of our compensation system toward the longer term. We created a clear sense of purpose with the Unilever Sustainable Living Plan that resonated strongly with employees' values and spent the first year making sure our people understood how central to our business the Plan was going to be."

Indeed, it was the switch away from quarterly reporting of profits (the company still reports quarterly revenues) and financial guidance that was one of the most controversial aspects of



Polman's actions. But for Polman, it was time to leave the "rat race" - an excessive focus on quarterly results, often at the expense of long-term value.

"Announcing the change to our approach on guidance was interpreted as a harbinger for bad news," Polman said. "This began to change when discussions became more strategic and changed further when people could see that the model seemed to be starting to deliver."

Changing the Audience: Shifting Away from Quarterly Earnings Report

Still, selling the idea of such a stark change as well as such an elevated role for sustainability has its challenges. This is particularly true in the investor community that continues to focus on quarter-to-quarter results. Rather than water down the company's ambitions, however, for Polman the solution was to change the audience. "We spend a disproportionate amount of time trying to attract a shareholder base that is in tune with our approach and long-term aims, rather

"Paul is the rarest of CEOs in that he pushes on three crucial fronts at once: his own company's performance, industry collaboration, and public policy. All three are crucial if we are to move toward a genuinely sustainable economy, and Paul understands that true leadership requires attention to all three."

*Aron Cramer, President and CEO,
Business for Social Responsibility*

than catering to shareholders with short-term views," Polman said. "The result is less volatility and better alignment with our shareholders."

The secret is to begin, to move forward despite the uncertainty and to become comfortable with much greater transparency and collaboration, so that we can bravely lead for a new order of things

And indeed the Plan is delivering. Unilever's stock has increased more than 40% since the Plan's launch.

A common theme from our Pioneers is the importance of a vision or a guiding light. But for Polman, it is more than just having a direction: "The secret is to begin, to move

forward despite the uncertainty and to become comfortable with much greater transparency and collaboration, so that we can bravely lead for a new order of things. There will be good rewards for those leaders who can scale this approach to create a truly sustainable business."

"Paul Polman is a pioneer in melding together the desire for a company to achieve iconic progress in a way that rewards a massive collection of stakeholders. Not only did he set for his company a goal that can only be achieved through collaboration (double in size while halving environmental footprint) but he also took on Wall Street (by refusing to provide forward-looking quarterly earnings guidance). This gave Unilever the cover to deliver in the short-term while investing heavily in the long-term."

*Eric Lovitt, Author,
The Collaboration Economy*



LEE SCOTT

Retired President and Chief Executive Officer,
Wal-Mart Stores, Inc.

H. Lee Scott, Jr., was President and CEO of Walmart from 2000 to 2009. He served as an executive officer of Walmart and as the chairman of the Executive Committee until January 31, 2011, when he retired from the company. Since joining Walmart in 1979, he has served in many other positions, including Vice Chairman and Chief Operating Officer from 1999 to 2000, and Executive Vice President and President and CEO, Walmart U.S., from 1998 to 1999.

The numbers are staggering. Walmart is the world's largest private employer with over 2.1 million employees. It is also the world's largest retailer with more than 9,600 stores in 28 countries. But for retired Walmart President and CEO Lee Scott, there were two moments of influence that helped him see the opportunities of using scale to change the world.

The first moment was when Walmart Chairman Rob Walton pushed Scott to think about the environmental and social impacts of business. This happened in large part to Walton's personal involvement with the international environmental NGO Conservation International.

The company's swift response to the aftermath of the August 2005 Hurricane Katrina exemplified the second moment. News broadcasts showed lines of Walmart trucks delivering what eventually became 2,450 truckloads of relief supplies. The response happened both at the corporate and grassroots levels, with many stories of heroic employees helping their local communities. Noting the praise the company received in the media and even from critics, Scott told us in an interview for this report, "The question was: how could we be that Walmart all the time? Just

because you're big, do you have to be bad? Can't you use size, scale, and scope in a way that is actually positive?"

Influencing Change at Scale

Scott didn't waste time. Critics had been hammering the company about employee compensation for a long time. But from the company's perspective, hiking employee pay

unilaterally might put it at a competitive disadvantage.

"So let's get everybody in the same boat," Scott said in an interview for this report. "If you want to pay more, let's make everybody pay more, not just Walmart." By October, the company took the unexpected step of lobbying Congress for a raise in the federal minimum wage.

The question was: how could we be that Walmart all the time? Just because you're big, do you have to be bad? Can't you use size, scale, and scope in a way that is actually positive?

The company took yet another unexpected move by supporting the 25-year renewal of the 1965 Voting Rights Act. Despite considerable resistance, Scott saw this as more than just a social issue. "It was very controversial," Scott explained. "Why does Walmart care about the Voting Rights Act? It's because we're the largest employer of African Americans in the United States, and our associates care about it." To Scott, it was that simple.



In sustainability circles, Walmart is perhaps best known for its environmental efforts. In 2005, the company announced three goals: to be supplied with 100% renewable energy, to create zero waste, and to sell products that sustain people and the environment.

Determining these goals wasn't an easy task. Working with consultant Jib Ellison, to whom Scott gives a lot of credit for Walmart's environmental evolution, the company struggled on potential targets. After much debate and discussion, Scott made a decision and concluded, "We're not going to spend our time arguing about what our goals are. Here's clearly what we ought to be doing. Here's what the end game should be."

Pursuing Sustainability: Facing the Critics

Scott faced disapproval from inside and outside the company. "Well, the great thing about a business is, it's not a democracy," Scott told us. "So people can have a say but they don't necessarily get a vote. The Board gets a vote." Indeed, many people approached Scott, telling him he was entirely wrong for spending time on environmental issues, but he was steadfast.

In addition, Scott credited many of the working groups the company created with giving greater visibility to valuable internal talent, which had a

"Lee had the guts, leadership, and perch to reframe sustainability as a business strategy, thereby influencing board level conversations across Fortune 500 corporations."

*Andy Ruben,
former Chief Sustainability Officer
and Vice President, Walmart*

compound effect on enhancing the culture to embrace sustainability. Scott noticed many of the working group team leaders gaining visibility within the company. "All of a sudden, people in the company are looking and saying, 'Wow, the people who are involved in sustainability are getting promoted!'"

Creating Internal Champions

These internal champions contributed to a list of impressive achievements. To name a few: a 12.7% absolute reduction in greenhouse gas

emissions, preventing 80% of waste going into landfills, and over 180 renewable energy projects in operation or development around the world. Scott also points to a program called Acres for America, which has set aside over 690,000 acres permanently from development. The campaign matches Walmart dollars to the preservation effort in tandem with every store the company opened. Still, it is a little known program. "But it does show you," Scott said, "out of all the things we get credit for, we actually get credit for things where we changed how we do business."

And in fact, changing the way your business operates for the betterment of all stakeholders, including shareholders, is what sustainability is all about.

"Long before sustainability was popular, Lee Scott saw its value and had the courage to act and stay the path even in the face of criticism. In the footsteps of Walmart's founder, Sam Walton, Lee knows you can't benchmark your way to leadership in anything."

*Jib Ellison,
Founder and CEO, Blu Skye*



INSIGHTS FROM THE PIONEERS

We asked a set of questions to all our Pioneers.
The following is a summary of the responses we received.

- 1. What was your spark of inspiration?*
 - 2. What keeps you up at night?*
 - 3. Can sustainability be considered mainstream?*
 - 4. How do we accelerate sustainability?*
-

1. SPARK STORY

Please share a story about a spark of inspiration that made you appreciate or understand the opportunities for sustainability.

The Pioneers' "spark stories" revealed both intellectual and emotional reasons for their commitment and passion to global sustainability. They also suggested a personal and business-related duty to protecting humanity and the environment.

For many Pioneers, seeing others' difficult life situations inspired them to action. Hawken referred to a "sense of loss" and suffering as inspiration while being interviewed for this report: "Sparks are almost always a sense of loss. When we see what we are losing on earth, when we personally suffer, or see others suffering, it can ignite us and spark a sense of understanding, identity and compassion. And it is not hard then to look at our own children or family and imagine that our work on sustainability is the most important work to be done, hands down."

Taking Co-Responsibility

Polman spoke of witnessing the effects of global poverty, emphasizing the responsibilities of both society and business in implementing change. He said, "I visit consumers and I am continuously confronted by the day-to-day challenges they face, especially the poor. The 900 million that go to bed hungry not knowing if they are going to wake up the next day, the 170 million children that lack basic nutrition and have their growth stunted, the five million children that die each year from infectious diseases, or simply the mother who has to choose between washing her hair or washing her clothes because there is not enough water to do both. Business cannot be successful if societies fail, yet we seem incapable of coming

up with the solutions that are possible if we work differently together...We can find the solutions if we are willing to take co-responsibility."

Inspired Employees

Some Pioneers told powerful stories of their own employees' commitment to helping others and the environment.

For example, Scott described Walmart's responses to the devastation of Hurricane Katrina in 2005. He said, "There was this incredible picture of all of these Walmart trucks lined up on a highway going into New Orleans, into southern Louisiana. And they were all filled with water and boots and all these things. Long before the Federal Emergency Management Agency was there, long before anybody else was there, Walmart was there. One of our store associates took a bulldozer that was sitting outside a demolished store and bulldozed her way into the store, broke into the pharmacy, and started filling prescriptions for the people in that community who had lost all of their drugs and didn't have their heart or diabetes medication. She took it on herself to do that."

Anderson was similarly touched by a story of the head of engineering for a global food company who was apparently not happy to be "forced by her CEO to be in a carpet mill for a day and a half learning about sustainability," Hartzfeld recalled. She met an Interface employee who was driving a fork truck and wanted to test him. So she asked him what his role was on the factory floor. "The first thing out of his mouth," Hartzfeld said,



“was, ‘My job is to save the planet.’” The pair spoke energetically until the worker excused himself so as not to increase waste and emissions by slowing down the lines with a late delivery. “That encounter with an employee of modest job and means changed the entire paradigm of a person in charge of worldwide engineering for one of the largest food companies in the world.”

Senge cited inspirational individuals and businesses he has encountered through his work with companies. “I was very suspicious of Nike,” he said, “but then I met amazing people at Nike who were really all over [the issue of] toxins... and they had just done the first big toxicological study of their product line. That led, 10 years later, to their [Considered Design Index (CDI)].” The CDI is an index that quantifies the impact of the materials used in the company’s products.

Influential Intellect

In addition to influential personal interactions, Pioneers cited intellectual sources as profound influences on their thinking about sustainable issues. Senge referred to *Limits to Growth* by Donella Meadows, Dennis Meadows, and Jorgen Randers, and *Population Bomb* by Peter Ehrlich and Anne Ehrlich. In discussing the influences for his own book *The Fifth Discipline*, Senge said, “That was based on work of the ‘80s, and it wasn’t explicitly about sustainability. It was about systems thinking, because that’s where the opening was at the time. How do you build a culture that’s really about learning at all levels, and how do you think about leadership in a way that embraces all levels of leadership?”

Anderson was influenced by sources such as Hawken’s *The Ecology of Commerce*. “I even saw Ray in a meeting with a bunch of CEO types actually telling stories about him and his wife laying in bed reading it to each other and weeping when he got the book,” Hartzfeld recalled. “You don’t normally get that in the big CEO powwows.”

Connecting Competitiveness

For Porter, it was researching his 1990 book *The Competitive Advantage of Nations* that connected the dots between the competitiveness of countries and firms with the environment. “I kept finding that often the country with the demanding environmental standards was actually world class in that particular field,” he said. “But growing out of that insight about the environment is that there is actually not a conflict between environmental performance and economic performance. As my work progressed, I started seeing the same kind of phenomena happen in many other areas of management and running a business.”

Porter published an article in *Scientific American* in 1991 outlining his findings. Out of this article, what is now referred to as the “Porter Hypothesis” emerged: strict environmental standards can often improve competitiveness, especially if they stimulate innovation.



2.

WHAT KEEPS YOU UP AT NIGHT?

What sustainability problem are you facing right now and what is your approach? What is your framework for approaching big challenges?

For Polman and Senge, scale came up as a significant issue.

“We have been able to lift many people out of poverty over the last few decades but it is increasingly clear that our system of growth based on over-consumerism for some and uncertain survival for others, and on high levels of public and private debt, is not sustainable,” said Polman. He added, “We need to develop an economic model of sustainable production and consumption that is more inclusive and that respects the planetary boundaries which we are already overreaching... First, we need to demonstrate that a more inclusive, sustainable and equitable economic model really can work. This is what Unilever is doing... There is still a lack of appreciation amongst many CEOs of the full nature and scale of the transformation that is needed.”

Senge, who has worked on global food systems with efforts like the Sustainable Food Laboratory, discussed the problem of scale in relation to food systems. “There’s a tremendous amount of things going on in the world that are very encouraging. But nowhere are the changes that are occurring, occurring at the scale needed.”

Sustainable Food Sourcing

Having most recently focused on the restoration of critical fisheries, Senge continued, “Over the last 10 years, there’s been tremendous progress on reversing the decline of critical fisheries, which, of course, has been going on for a very long time. And in California, Oregon, Washington, British Columbia, and Alaska, by varying estimates two-thirds or so of all the fisheries are managed today.

They have quotas, they have protected areas, and they really are in some significant process of restoration. Some have been pretty fully restored. There’s several other success stories like that... The economic, social, and ecological benefits are dramatic.”

With groups such as the World Bank and European Commission recently taking on the issue of fisheries, Senge said, “This is starting to kind of build around the world. But it’s a huge undertaking. And how to get the collaboration needed to achieve this will be really monumental.”

Energy and Carbon Emissions: The Politics

Hawken cited energy and carbon emissions as a critical sustainability issue of today. “I am facing the same problem as the world, which is how to solve the need for energy and the necessity to cap carbon emissions and then draw down carbon from the atmosphere,” he said.

Scott spoke of the politics of many of these issues. “What really keeps me up at night in this world today is that we have to be so polarized on all of this,” he stated. “We can’t really - on the right and on the left - look at what we need to do to have jobs that will endure, have an economy that will be robust, and have an environment that is sustainable and is good. How do we embolden people to do the right things and not have to be so harsh on each other?”

But being in an acrimonious atmosphere doesn’t necessarily mean a company should wait. “If you can’t save \$10,000, save 20 containers, take an



inch of plastic out of something, make the plastic bottle this much thinner, or sell more compact fluorescent light bulbs - if you dismiss every one of those little things, you never get a big thing.”

Leading With Intuition, Making the Familiar Fascinating

In describing Anderson’s approach to problem solving, Hartzfeld said that Anderson was “wicked logical, an engineer’s intellect, but I think he actually led more with his intuition and his entrepreneurship than he did with intellect. That intuitive place was always fed by his voracious appetite for learning and reading and always talking to different people, getting people’s opinion on things... There was clearly a logical way of thinking, and then there was certainly that intuitive, entrepreneur’s gut-feel about things.”

He could also “see a bigger system than most people around him were looking at, at the time and understand a deeper truth in its midst... He had an audacity and courage to do things based on that truth that made sense to him regardless of the conventional thinking of the time. That absolutely was a part of him bringing the idea from Europe of taking perfectly good rolls of carpet and chopping them into squares in the early 1970s, for the office of the future. Nobody else around him could see that, but it was perfectly obvious to him. He understood and then committed to sustainability in a similar way.”

Hawken said his own approach to solving challenges is to “watch, read, and listen, sometimes for years, in order to grasp the dynamics, resistance, and patterns of thoughts that repeat and impede progress and breakthrough. What I try to do is reframe the issue, and in order to do that I have to give up the idea that I know something or am ‘right.’ It means finding a path to see things in a completely novel way, to make the familiar new and, if possible, fascinating.”

A Time For Optimism

“I’m daunted by the sheer range of challenges,” said Porter. “I’m particularly daunted by the challenges of creating a decent income for people that don’t have significant skill and education in this global economy. But I’m also heartened by the solutions that are being invented and implemented on a large scale by business that is starting to work positively in some of these areas.”

The opportunities are not just limited to businesses. According to Porter, “the more that the non-governmental organization community starts to see the opportunity for alliance with business around these various sustainability issues, the more progress the NGO movement is going to make in terms of scaling and impact.

“So I’m daunted by all these challenges,” Porter continued. “I travel all over the world, I work everywhere you can possibly imagine and see all these things. But I also see a whole new set of attitudes and progress being made, particularly in the private sector and in the NGO sector as well. So it’s a time I think that we should have optimism.”



3.

CAN SUSTAINABILITY BE CONSIDERED MAINSTREAM?

Over the past few decades, sustainability has gained wider and wider acceptance from business. If it's not mainstream, how does sustainability break away from being a niche approach to business? What do people in the field need to do to make that happen?

Most Pioneers said they believe sustainability in business has gained wider acceptance, but that significant and active work continues to be necessary. Scott said, "I wish I could just say that I think that it's moved way past the issue of 'Is it a niche?' or 'Is it just a business practice?' But I don't think I can. I think it still takes some energy in a company to drive forward, to make the decisions... Yes, it's further engrained in people's mind, it's more a part of business, [but] I think this constant re-invention and this constant move forward requires ongoing energy."

The Pioneers also tended to assess current and future sustainable business practices in long-term, global perspectives. For example, Polman said, "Change is coming, in the business and financial world, but increasingly also through a combination of the demands of citizens / consumers and their power to mobilize rapidly using social networks. Change is also coming through the natural forces that are waking us up. When we personally experience the impact of recurring storms and severe droughts, damaging floods and obvious water shortages, spiraling food prices and widespread food shortages, we are forced to take notice. CEOs and businesses that understand this and develop business models that are in sync with the needs of society and the environment will not only restore trust in business but also drive their companies to higher levels of growth."

Acceptance From Future and Current Business Leaders

"I think [sustainability] truly is mainstream," Porter said. "I think pretty much every student here at Harvard Business School would understand this idea. They would be aware of it, they would be

thinking about, they would be at a very deep level supportive of the basic philosophy here, and hungry for ways of actualizing and implementing. So yes, I do think it is mainstream."

But also according to Porter, the number of current CEOs who do not understand the business potential for sustainability is becoming outnumbered. "I think the number of folks in that camp is getting smaller and smaller," he said. "Five years ago, ten years ago, we used to see [CEOs] that didn't get it, but now very few are in that camp. Now they're very interested in how."

Calculating the True Costs of Capital

"True change, however," Polman explained, "will come if we are able to move beyond financial capital alone and reflect the true costs of natural and social capital. That's why efforts around integrated reporting and natural capital declarations should be actively supported. Shifting the focus of the business and financial world from the short to longer-term will help further."

Senge also took a broader view when discussing how corporations can bring sustainability into their practice. He explained that there are "a small number of core issues. One is how we think about and manage our supply or value chains, how we think about what we make and what we produce, and then how we think about the energy. The food, the water, the energy - all the necessary resource footprints of what we do. And once you've dealt with those three, you really are starting to accomplish all the stuff that matters."



Working Toward Generative DNA

“From the standpoint of organizational change,” Senge continued, “you’re always trying to figure out what will integrate with the priorities of the organization and allow them to evolve over time... If a business has been around for a pretty long time, it has what Peter Drucker used to call a ‘theory of business.’ It has some fundamental insight which may or may not ever be articulated, as to how it creates value, and its unique competencies to create value and then... how to interface, which means how you create new sources of value.”

As for his advice for sustainability professionals, citing the example of Nike’s Considered Design Index, in which products are rated over the “whole supply chain” of their creation, Senge said, “If you want to get this embedded, you want to get into that generative DNA... You really have to understand the business. And you better like the business, you better have an appreciation for who we are at our best.” Senge also spoke of the need for companies to work together in influencing supply chains: “That’s another indicator of the companies who are really serious. Where they can compete, they’ll compete. Where they can see that by themselves they can’t move the dime sufficiently, they’ll find ways to collaborate.” On the other hand, Hawken rejected the idea of the importance of making sustainability commonplace. “I don’t believe we have to think about mainstream,” he stated. “There are those who understand the need for change early and those who understand later. And there are those who do not understand at all. The former are growing more quickly than the latter. Changes to the growth of understanding and diffusion are driven by externalities, by and large. And those include unexpected events, losses like the ones caused by Superstorm Sandy, disruptive innovation, and competition.”



4.

HOW DO WE ACCELERATE SUSTAINABILITY?

How can we get farther, faster? What advice do you have for sustainability professionals under pressure to meet demands at the intersection of business and society?

Several Pioneers spoke of the importance of bringing sustainability to life at the employee level. Hawken said, “Experiential education is sweeping our school systems, but it ought to also sweep our corporations. PowerPoint should be banned in all companies, and meetings should never be held in rooms without windows. There is an antiseptic quality to sustainability in many companies, as if it could be reduced to metrics à la the GRIs. It cannot... Abstractions, all statistics are abstractions, have no impact - no impact to our sense of self and they do not inspire.”

Engaging Everybody: Scaling Change

Anderson believed that change should go through “a massive-scale engagement” at both the level of the company and the world. Hartzfeld said, “It was really about how do we engage everybody in this conversation: the 4,000 people of Interface and seven billion people on the planet. And we were not going to be successful waiting for charismatic heroes or small groups of smart engineers to find a way.” This global perspective requires a “shift in mindset, and that’s where the big ideas will then come from... We had to think of the bigger ideas and consciously think about how to create the conditions so those big ideas could emerge.”

When convincing others - including critics - of his ideas about sustainability, Hartzfeld says Anderson “always wrapped his presentation and even small conversations with the big purpose of

what we were trying to achieve,” which focused on changing the course of global business. He also “personally modeled” his ideals, “giving up his Bentley to drive one of the first Priuses in the state of Georgia. Unexpectedly, we got a good bit of press about the competition between us on who could get the highest gas mileage,” Hartzfeld recalls.

In giving advice to sustainability professionals, Scott counseled to remember the larger picture and maintain balance in the corporate environment. He says, “A lot of times it really is about the sustainability person trying to fit [in]. What is it the CEO is trying to accomplish? And how do I take what I know is the right thing to do? How do I integrate that into his plan rather than making him or her integrate my ideas into their plan?” He added, “I always thought one of your primary responsibilities as a manager was to supervise your boss. All of us need a supervisor in some way or another.”

Harness Your Uniqueness and Tell the World

For Porter, becoming successful in sustainability relies on similar philosophies of competitiveness. What does your company do uniquely well and how can you capitalize off of it? “If a company is going to be really effective on sustainability,” he explained, “it’s got to pick its spots. It’s got to figure out where it has the greatest leverage in its business.”



In addition, companies are often either too humble or too fearful to communicate their success. Porter said, “I would say there are still companies who seem embarrassed by talking about the fact that sustainability approaches produce profits. There still is this sense that if it’s profitable, that’s somehow bad. If it’s profitable, ‘that makes us seem greedy.’ I think we’ve got to get over that. I think if we can align societal interest and economic interest, then we will make dramatically more rapid progress.”

The Importance of Collaboration: Beyond the Obvious

Collaboration was another common theme among interviewees. Senge emphasized the importance of both embedding oneself in the business’ culture and “collaborating across your supply chain and collaborating even with competitors.”

Polman spoke of the importance of collaborations with other businesses, as well as nonprofit organizations and average citizens. He said, “The power we have in our own businesses and through our collective business impact can be used to shift markets. The faster we can transform our own businesses and the extended value chains within which we operate, the sooner we will get to a positive tipping point. It takes courage to get one’s own business to focus more on the long-term and then to persuade other stakeholders to do the same.”

But how can Polman’s peers scale the work of a few companies into a global movement, something Unilever has often alluded to with its Sustainable Living Plan? “My hope is that a few companies pioneering in this new territory might [make it] a little easier for others to do something similar. The more companies that do, the quicker the snowball will gather pace. Collaboration is key. We make no secret of what we’re doing – our Sustainable Living Plan is there for all to see – and we make no secret of what we’re

finding difficult, where we need help. Look for others to partner with... whether these be other businesses like your own that can create market transforming scale, suppliers and customers and, of course, members of civil society. The issues are simply too big to go it alone,” he said before making another emphatic point. “Finally, we need frameworks and policies to help accelerate mainstreaming sustainability with citizens. Too many policies currently have the opposite effect; only by enrolling citizens will we truly change.”

Getting Things Moving: Predicting the Future

Our Pioneers spoke of the future of sustainability that lies in the hands of the younger generations of businesses and people. “We need the big companies to get things moving in the short-term because they have the clout,” Senge said. “They have the market clout, they have the brand clout... But if you look over 10 to 30 years, the big story will be the companies that are relatively smaller today, but who will grow up with this DNA embedded in them. They’re growing it from the inside, and it’s hard to know who they are today. But I think that’s exactly the companies who will matter over 10 to 30 years.”

On a social level, Senge said that “cultural changes will be always led by the periphery. The periphery will be the kids and the poor. The people on the outside looking in today, who are going to have to come to a very different kind of lifestyle... The leadership [also] has to come from India and China, just like it has to come from the emerging companies. It’s the emerging sources of economic growth that are going to have the greatest leverage.”

Senge also spoke of the role of new technology in the future: “The Internet firms to me are the perfect example of an opportunity that people still haven’t quite seized... The new industries are where the real changes could be.”



A CALL TO ACTION

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After 25 pages of lessons, tips, and iterations on the state of sustainability and how we can move forward, what have we learned?

Let's take a step back. Change is happening. We are not victim to either a clueless generation or a mindless business class. For one, we can safely say that important and out of the box collaborations are starting to take place. In many cases, it is happening at scale through exploratory business and social enterprise models – even if truly universal sustainable change remains unachieved.

The Pioneers show boldness and consistent passion to furthering sustainability. In addition to their incredible past influence on the field, they continue working to effect change today. Their interviews and own actions clearly show that collaboration of all kinds is crucial.

But what else can we deduce from what each of our Pioneers expressed? Our Pioneers come from many different walks of life. Some are politically conservative, some are politically liberal, and some are in between. Some view business as a source of problems and others view business as a source of solutions. They draw inspiration and motivation from a variety of areas, including moving personal experiences, thoughts about future generations, intellectual sources, and fellow influential leaders of the field.

But from our interviews with the Pioneers, there is an implied shared view of one simple fact: there is never going to be a better time than now.

We couldn't agree more.

As our Pioneers have proven, it is possible to uplift our businesses, grow our economies, save our planet, and better society. And indeed, the most expensive mistake is inaction. We hope that the stories of our Pioneers and this report help you as you lead your organization.

Stay inspired, lead with action, and activate your intuition.



METHODOLOGY

To identify these Pioneers, we asked individuals who hold the title “Chief Sustainability Officer” in their company, and were featured in The Weinreb Group’s 2011 report *CSO Backstory: How Chief Sustainability Officers Reached the C-Suite* and its 2013 update, to name people who inspired them and made such important contributions to sustainability that the field would not be the same without them.

After creating this initial list, we asked other sustainability professionals in our network to ensure the completeness of our roster. This resulted in a final list of 46 people. We divided this list into two categories, Chief Executive Officers and Thought Leaders, for a final nomination.

We then asked several hundred sustainability professionals to “vote.” Each person was allowed to vote for one Pioneer for each category. In total, 79 sustainability professionals completed the survey. The survey was conducted in February 2013.

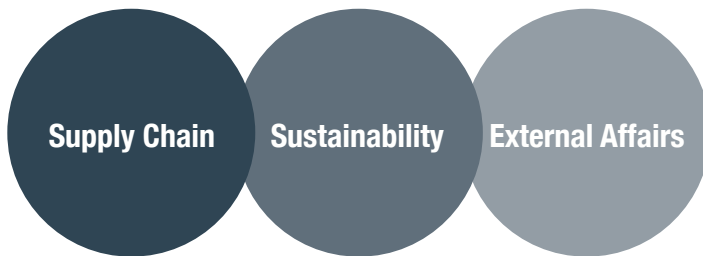




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About Weinreb Group

Weinreb Group is an executive recruitment and consulting firm with 17 years sustainability experience. We find talent along a continuum of sustainability-related functions from supply chain to external affairs. Clients include Nestle Waters, Sears, Clorox, Levi Strauss and many more.



About James Epstein-Reeves

James Epstein Reeves is an expert on corporate social responsibility, sustainability, and cause-marketing. He is the president of Do Well Do Good, LLC and advises some of America's leading companies on sustainability strategy and communication. James started his career in the think-tank world of Washington, DC researching corporate social responsibility and public policy. He is the co-author of the 2002 book *Corporate Responsibility in the Global Village* which looks at government-led initiatives in Europe and North America that promote socially and environmentally responsible practices among businesses operating overseas. James earned his Master in Business Administration degree from the University of Chicago Booth School of Business with concentrations in strategy, entrepreneurship, operations, general management, and marketing.

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