

**A Conversation with Jeffrey Hollender and Bill Breen, Co-Authors of
*The Responsibility Revolution: How the Next Generation of Companies Will Win***

Why did you write this book?

Survey after survey shows that an overwhelming majority of CEOs say they are doing more to push environmental and social strategies into their operations than ever before. Trouble is, too many companies are failing to achieve the hoped-for results. We wrote the book to help point the way to true north, by showing how a disparate group of responsible revolutionaries are innovating powerful ways to build market share and grow revenue by confronting social and environmental challenges.

What's wrong with how most companies are addressing responsibility today?

Even though a record number of big companies are pumping out glossy reports declaring that they are stellar corporate citizens, too many of their do-good claims amount to little more than marketing pap. The result is that greenwashing is soaring, consumers' trust in companies is eroding, and the brand called business is suffering. That's unacceptable. We need corporate America to *authentically* champion sustainability. The benefit to society and the economy would be enormous.

Why did the first generation of the corporate responsibility movement fail to make much progress?

In fact, that first generation made *terrific* progress. Multinationals like Unilever, Clorox, Colgate-Palmolive, and Groupe Danone spent hundreds of millions of dollars acquiring natural-based Ben & Jerry's, Burt's Bees, Tom's of Maine, and Stonyfield Farm, precisely because they and other pioneering outfits proved beyond all doubt that when you put mission first, profits follow.

That said, it's our view that corporate responsibility is nearing the end of its evolutionary arc. Part of its problem lies in its language. "Corporate responsibility" is bloodless and bland. Recognizing this, the British retailer Marks & Spencer unveiled not a CR plan but a Plan A—"because there is no Plan B"—which compactly captures the company's ambition and sense of urgency. Other renegade companies are also imagining a new vocabulary, one that attempts to express a real world sense of deeper business purpose.

What's also clear: the new models that are replacing our conventional notion of corporate responsibility are much less about burnishing reputation and much more about sparking innovation. Nike, for example, has moved from heralding "codes of conduct" to leveraging sustainability so as to seize on emerging business opportunities. As Hannah Jones, Nike's sustainability chief, told us, the entire focus of her team's work is to seek out innovations that deliver an ROI—both to shareholders and to society.

What are the pioneers of this new responsibility revolution doing differently?

They are pushing past the cramped notion that corporate responsibility is solely about cutting carbon, saving watts, monitoring factory conditions, and donating to charities. The responsibility revolution is about reimagining companies from within: innovating new ways of working; instilling a new logic of competing; identifying new possibilities of leading; and redefining the very purpose of business.

What are some of the companies that are leading the responsibility movement in innovative ways today?

They aren't just the usual suspects. Linden Lab, the outfit behind Second Life, has developed software that allows the company to work more like a democracy than a conventional corporate hierarchy—a democracy with a magnanimous sense of purpose: to create a virtual world that “advances the human condition.”

Etsy.com, the eBay of the DIY movement, is imagining new ways to meld Web 2.0 technology with a preindustrial view of commerce—one where millions of online shoppers can escape the ubiquity of chain-store culture to buy directly from artisans and co-create with them.

Novo Nordisk, the Danish pharmaceutical and the world's largest maker of insulin, has embraced radical transparency by revealing to activists and NGOs the company's practices in such controversial areas as animal experimentation, stem cell research, and gene technology—the first step toward turning critics into collaborators.

And first generation pioneers like Patagonia, Seventh Generation, and Organic Valley—they continue to define the revolution's leading edge. And we uncover the revolutionary parts of big companies like eBay and Timberland, Nike and IBM, which are leveraging sustainability as a powerful force for innovation in new and surprising ways.

Isn't corporate responsibility rightly low on the priority list of recession-weary businesses that have to keep their focus on survival?

The fastest way to fail is to simply try to survive. The fact is, business models that are built around mission and sustainability often deliver outsized financial results, especially in recessionary environments.

Consider Triodos, a Dutch bank with operations throughout western Europe and more than EUR 3.7 billion under management. Triodos is largely ignored by Wall Street. But in 2008, when the Street's failures nearly brought down the global economy and credit markets hit the deep freeze, Triodos' income rose by 25 percent and its loan portfolio jumped by the same margin. Triodos delivered those stellar results by financing *only* sustainable projects and businesses. That kind of mission-first approach to investing has enabled Triodos to weather the busts that regularly buffet the banking industry and deliver a profit every year since its founding three decades ago. Small wonder that Triodos is spawning a host of imitators, both in Europe and in the U.S.

How can companies meld strategy with sustainability?

IBM is doing this through its Global Innovation Outlook initiative, where it collaborates with outside thought leaders to crack some of the world's thorniest challenges, such as the problems befalling the world's finite water supply. Big Blue spent the better part of 2008 connecting with thought leaders and influencers from government, academia, and private enterprise, in a wisdom-of-the-experts effort to generate strategies for wisely using water. The initiative was partly altruistic—the ideas that came out of the conversations were available to every participant, not just IBM. But the GIO is also strategic. It's no coincidence that a few months after its GIO summits, IBM rolled out a new line of smart technologies to help utilities more effectively manage their water supplies.

What are the biggest and most common challenges that companies face as they attempt to become more responsible?

The single biggest mistake that companies make is that they deputize a corporate responsibility overseer and set up a department from which to grow a CR initiative. But all too often, even successful CR efforts fail to break out of the box and influence the rest of the company.

Just consider General Electric's Ecomagination effort, through which GE aims to sell more than \$20 billion worth of "environmentally friendly" products. That would be a huge and important accomplishment. Unfortunately, even as GE was investing more than \$2.5 billion in developing cleaner technologies, in 2007 it worked behind the scenes to get the federal EPA to weaken its antismog rules for locomotives and in 2008 it bolstered an industry trade group's efforts to fight mandatory cuts in greenhouse gases.

Had Ecomagination's sustainability-based strategies been allowed to permeate the rest of the organization, GE might have avoided falling on the wrong side of the responsibility curve.

How can responsibility improve a company's ability to innovate?

Companies need to put their sustainability efforts at the beginning of the innovation pipeline, where strategy is set and creativity occurs, rather than solely at the end, where carbon emissions and other outcomes are audited and after-action CR reports are filed. When they do, the folks who create new products and services will "own" sustainability, and innovation will flourish.

So for example, Nike has developed software that scores designers, in real time, on the ecological impacts of the products they're creating. The software was used to fashion the 2009 edition of Nike's most celebrated sneaker, the Air Jordan XX3. It's the most environmentally sustainable basketball shoe that Nike has ever produced, and its radically fresh look has hoopsters clamoring for it. Nike estimates it will sell half a million pairs of its new, "responsible" Jordan.

Why will responsibility help you get better employee retention and performance?

Companies that are organized around a sense of mission not only attract the best talent, they often yield the best results, because they inspire people to bring all of their creativity and resilience to work every day. Most of the companies that make Fortune's annual "Best Places to Work" list have a core purpose that goes beyond the bottom line. Purpose inspires passion, which often transforms individual desire into exceptional corporate performance. Case in point: Between 1997 and 2007, those "best workplaces" delivered more than twice the annualized return of the S&P 500 Index.

In what ways does Seventh Generation proactively practice responsibility?

The most obvious is that we've built a national business around developing and providing nontoxic household and personal-care products. We've also launched a slew of social and environmental initiatives, from working to expand WAGES, a nonprofit that helps low-income Latinas develop cooperative businesses, to building a market for sustainably produced palm oil, to pressuring the big consumer packaged goods companies to disclose the ingredients in their home-cleaning products.

But probably the most significant way we "practice" responsibility is that we use our mission—what we call our "global imperatives"—to frame all of our major strategic decisions, not only because it's the authentic thing to do, but also because it's the strategic thing to do. When we use our own unique values and mission to set strategy, we have a better shot at creating an original blueprint for the future of our business and our industry, which is dominated by copycat thinking. Using sustainability to frame strategy is as competitive as anything we do.

What are the first steps executives can take to start helping their company become more responsible?

The first thing that any leader can do is to ensure that the corporate responsibility team isn't orphaned in some outlier department for which no one else in the organization feels responsible. Nike gets this.

If you were to visit Nike's headquarters in Beaverton, Oregon, you'd find that Hannah Jones, who directs a team of 135 people worldwide, works out of an office that's right around the corner from CEO Mark Parker's office. The fact that Jones works on the same floor as the heads of many of Nike's business units both elevates sustainability's prominence within the organization and ensures that it's hardwired into the company's strategic planning. It's one more way that Parker can signal to visitors and employees alike that the company is seizing on the responsible revolutionary's imperative: to build the mission into every part of the business.

*<i>*Jeffrey Hollender and Bill Breen are co-authors of the recently published book, ["The Responsibility Revolution"](http://www.jeffhollender.com/responsibility-revolution). Bill Breen is the Editorial

Director, and Jeffrey Hollender is the Co-Founder and Executive Chair of [Seventh Generation](http://www.seventhgeneration.com). Jeffrey is also the author of [The Inspired Protagonist](http://www.seventhgeneration.com/learn/inspiredprotagonist), a leading blog on corporate responsibility.