

The Social Venture Network Series

# Street Smart Sustainability

The Entrepreneur's Guide  
to Profitably Greening  
Your Organization's DNA

David Mager  
and Joe Sibilis



An Excerpt From

***Street Smart Sustainability:  
The Entrepreneur's Guide to Profitably Greening Your  
Organization's DNA***

by David Mager and Joe Sibilio  
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# Leadership— Greening from the Top

No single factor is more important to successfully greening an enterprise than for its leaders to create a sustainability vision and make a commitment to continuous progress toward realizing that vision. This chapter is about finding that vision, owning it, articulating it, and getting your managers and employees to support it so that your sustainability goals become their sustainability goals. Once this is done, the vision is infused into the corporate culture and becomes self-replicating.

In creating Stonyfield Farm, CEO Gary Hirshberg had a vision that “the company is not about making yogurt but about greening the world one yogurt container at a time.”<sup>1</sup> Horst Rechelbacher of Aveda had a vision of using 100 percent organic ingredients, not petrochemicals, in nonfood products such as cosmetics because doing so is better for the health of the planet and your health too.

Today, both of these companies have hundreds of millions of dollars in annual sales and are mostly owned by multinational conglomerates, but they both started out as struggling little companies. Their mission of healing the planet led to their success. Now they are transforming the multibillion dollar multinational companies that invested in them into more sustainable companies.

## Creating a Vision

The first step in leading a company into the pursuit of sustainability is to create a vision that says “this is who we are, this is what we stand for, so this is what we do.” If you are an entrepreneur, this vision is generally born in your head. The exercise of developing the vision becomes a fun opportunity to communicate your hopes, dreams, and aspirations and define the role you want to play in healing the planet while serving employees, customers, investors, and other stakeholders. Some companies develop their vision using a collaborative brainstorming process with the employees. Some companies even bring in facilitators to ensure that the process taps into all the company’s brainpower, pulling input from soft-spoken team members as well as the ones who always make themselves heard. Although it might seem that visions collaboratively created would have better buy-in from employees, those crafted solely by the entrepreneurial visionary can work equally well.

Once you have the vision, capture it in writing by creating a simple mission statement, which can consist of merely a few lines. The mission statement should not list specific numerical goals, technologies, or tactics to accomplish the mission. Details like these become self-limiting and don’t anticipate how far and fast boundaries can be pushed when an organization rallies around its mission.

Once the mission statement is prepared, post it prominently on your Web site, on company letterhead, on invoices and purchase orders, on the back of your business card, and on a sign at the front door greeting employees and visitors. The more public the vision is, the harder it will be for you not to live up to it.

For many, the vision begins when they encounter a problem and begin to seek a solution. Gary’s vision began to form before

he started Stonyfield, while he was executive director of the New Alchemy Institute, a sustainability technology think tank.

Horst was a world-famous hair stylist who had built his business from the ground up. He explains, “I was the chemist, the salesman, the packaging designer, and the designer and spokesperson of the mission.” He and his hair stylist colleagues were getting sick from the toxic chemicals they were using on their clients’ hair. Horst’s mother, an apothecary, visited him from their native Austria and said, “Don’t you smell how bad your salon smells from all these chemicals?” From then on Horst committed himself to work at healing his impact on the planet. He recalls, “I said to myself, ‘I can fix that. I can make this a little bit different.’ Then I went to India to get another point of view and studied Yoga and Ayurvedic medicine, particularly inhalation therapy, and I came back with a clear vision for Aveda.” That vision was repeated over and over and became the foundation on which Aveda was built.<sup>2</sup>

ABC Home is the premier furniture and home furnishings company in New York. After her daughter started school, its founder, Paulette Mae Cole, came back to run it with the intention of making ABC Home more sustainable. As Paulette describes the work of greening her company, “I talk vision all the time. Communication is important because it is the only way you can mentor and model and articulate your mission. We try to express to people that ‘home’ is our mirror. Home is how we reflect our vision and values to the planet. Our collective home, the planet, is a mirror reflection of humanity. It mirrors us and speaks directly to us who we are. We speak to and seek new consumers who vote with their dollars and have their values reflected in their homes. To me, every aspect of what we are doing in moving toward sustainability is very powerful. In the baby and bed departments we have organic beds as an alternative to people having their heads on a bed

for eight hours every day that is outgassing toxic chemicals. We stopped selling paraffin candles. We installed air purifiers throughout the stores and then started selling them. We reuse all the packaging material, and that is especially difficult since most of our items are one of a kind. The wood in our furniture is now sustainably harvested. It is incredibly impactful. It's a huge cultural shift that was very challenging, and our only hope of getting this to work with all the people working for us is to constantly articulate the vision." Paulette started ABC Home with a vision and ideals and has created a \$100 million enterprise.<sup>3</sup>

## **Taking Responsibility**

Many entrepreneurial companies are one-person operations where the owner, as "chief cook and bottle washer," also handles the sustainability issues. As an organization expands, responsibilities are divided. But many socially responsible entrepreneurs remain the keeper of the responsibilities associated with being green even as their organizations grow to a point where they have many direct reports. Doug Hammond, president of Relief Resources, which had over 3,000 employees, was chiefly responsible for his company's sustainability practices mostly because he found it the most challenging and exciting task in his organization.

But if your business gets large enough that you do assign someone else to be the keeper of sustainable practices, you still need to take ultimate responsibility for ensuring that the vision is realized. This means that the person needs to report directly to the most senior management and the board of directors and must be allowed to always speak the truth. What the senior management and the board do with that information is for

them to decide, but the organization's leaders need to know what is going on.

When Horst appointed Aveda's first director of ecological affairs and sustainability, Terry Gips, who previously had worked with the Carter administration, he instructed Terry to report to the planet, not the CEO.

Having a well-organized reporting structure is critical. For example, to eliminate plastic packaging for the furniture items ABC Home sold and delivered, the company decided to invest in a huge number of reusable packing blankets. It did not have a reporting structure in place, however, and at the end of six months, all the blankets were gone.

## **Living Your Vision**

Once you articulate the vision and take responsibility for it, you need to live that vision. If you drive a Hummer, don't turn out the lights in your office when you leave, and don't recycle your paper, your team will ignore you. "Do as I say, not as I do" does not work. That's the old model of authoritative hierarchy.

To be successful, you have to model the vision at least in some form. Horst uses his products, comments on your "chemical" smell if you don't use them, and drives a Tesla electric car. Windmills power his company. Renewable energy company Real Goods' founder, John Schaeffer, built and lives in a home completely powered by renewable energy. Jirka Rysavy, founder of Gaia, lives in a home without electricity and running water. Gary Hirshberg built his home from trees he sustainably harvested on his land. Sustainability economist Hazel Henderson wears only preworn clothes bought in thrift shops. Joe rides his bike back and forth to Gasoline Alley,

CSRwire.com, and local meetings (thirteen miles each way). All of these successful leaders walk their talk in one way or another, and these apparent idiosyncrasies are their currency for authenticity. It's great for employees to see some behavior in their principal that stands out and communicates in no uncertain terms "I really mean what I say about sustainability."

Living the vision also means being true to your beliefs in your business. Greg Steltenpohl, founder and former CEO of Odwalla, noted, "The employees see what you have to go through to realize your vision, and they see how much extra work it takes to do the right thing. When they see that you don't take the easy way out and you live your vision, it changes them."<sup>4</sup>

Greg's vision included a need to find a solution to the plastic bottles used for his product. Santa Cruz was the largest market for Odwalla products in the company's infancy. The city did not have a plastic recycling program, and Greg did not want to see his plastic bottle in the landfills in this community. Greg recalls, "I went to the city and county and suggested they put in place a plastic recycling program and offered to find a market for the plastic. Then I said to the officials, 'If we collect our own bottles and set up a recycling system, buy the equipment to crush the plastic, and find a market for the plastic, will you be our partner?' And they said yes. After that the entire city of Santa Cruz started recycling. We attracted a lot of press and a lot of customers from this, and sales increased incredibly."<sup>5</sup>

## **Making Your Vision Stick**

Your organization will begin to transform once you come up with a vision, articulate that commitment, live it, and create a sustainability reporting structure. It's almost like having a

magic wand, but not quite. There's still hard work to do, too. Gary recalls,

I often joke that we are a twenty-six-year overnight success. Greening a company is a work in progress. There were a lot of doubters in the early days. They thought that I was this liberal, crazy person. These doubters were foot draggers. They drove my sister Nancy, who was in charge of sustainability from the get-go, crazy. There was all this passive-aggressive behavior.

I am happy to say that I don't have any of these people now. They did not leave; they came around. In most cases we were right on all the things we wanted to do, like sourcing milk exclusively from local family farms with rBGH [recombinant bovine growth hormone] free cows. We were right about going organic, even though at the time it cost 100 percent more to source organic ingredients. The employees have seen other brands that did not follow us fail. Or they saw how much more other companies had to spend on advertising. We built not just loyal customers but maniacally loyal customers. The employees saw how energy costs and health insurance costs climbed as we predicted.

The folks that were the hardest to convert were the engineers. They were taught that 'the solution to pollution is dilution' and they thought what we were trying to accomplish was a dope-smoke rant. Then we built a wastewater treatment plant that produced methane and less sludge, and we made money. They saw that what we were doing was not just about the environment but also about job security. We won the battle of converting the employees over time by evidence, not by rhetoric.

We were basically challenging everything they knew, so it took a long time for their preconceived beliefs to die and for them to accept doing things in a different way. This is all now in the DNA here.<sup>6</sup>

At Aveda, Horst did not run a top-down, command-and-control organization. The company used group management with majority rule. Horst said, “I always encouraged the teams to outvote me and to fight for what they believed in. I said, ‘Let me tell you what I want and you convince me that it is not good,’ and then we have majority rule and that was fine for me. Inspiration was important to me. I would work to inspire the people and then experience that which I inspired. I would encourage everyone to look at our products holistically—learn how the product is made and how the ingredients are grown.”<sup>7</sup>

Brent Baker of TriState Biodiesel has a similar story about inspiration:

I was an environmental activist. In 1995 I was traveling as part of a national tour I created to promote the challenges of global warming. On the tour was a bunch of women who called themselves the VegeBabes with a tour bus powered by biodiesel. They had a bunch of magnetic signs with the logos of McDonald’s, Burger King, Wendy’s, Taco Bell, and Kentucky Fried Chicken that they slapped on the side of their bus, and they stopped at those fast-food places along the tour, telling the franchisees and managers that they were sanctioned by headquarters to pick up the used fry oil to power the bus as a way of promoting the parent company. Then they cooked the biodiesel in the back of the bus using Bunsen burners, methanol, and Drano. They never bought gas and the bus made a sweet-smelling exhaust that was lower in pollution than

diesel, and that's when I decided to get into the biodiesel business.

I love having people come to work here who don't know anything about environmentalism. They listen to my presentations to prospective clients and get inspired when they learn what we're about. Then I love to hear them give the story to others, and I get inspired.<sup>8</sup>

## **Motivating Employees to Buy In**

Inspiring employees to buy in to the sustainability vision is key to becoming sustainable. Invite all of them to be on the winning team and to help the team cross the finish line to victory and they will do everything within their power and ability to conspire for success.

At Odwalla this inspiration extended beyond the company. Greg recalls, "We hired, trained, and motivated people to be managers who at first did not know anything about sustainability. At the time, we did not realize that we were creating managers who would become leaders in their own sustainable organizations. Twenty years later, the leaders we created went on to inspire other leaders. If we were to calculate the impact all these leaders had, their combined impacts would dwarf our impact."<sup>9</sup>

It's imperative to get your entire team aligned with the standards the organization adopts and against which it will be measured. This is not difficult to do. We have found, at least in dealing with implementation and management of sustainability systems, that employees' motivation follows the rules for Maslow's Motivational Hierarchy.

Abraham Maslow submitted that there is a motivational hierarchy starting with people's requirement that their basic needs (e.g., food, shelter) be met. Only when their basic needs

are met can they then be motivated upward to the next level of the motivational hierarchy, safety, which includes security of body, employment, family, and health.<sup>10</sup>

The next factor is belonging, the joy we get from friends, family, and peers. Then comes esteem, the sense of personal accomplishment and the witnessing of one's accomplishments by others within and outside an organization.

The final motivational factor is self-actualization. At this level, people combine their personal goals with those of their organization, develop creativity, and become proactive problem solvers.

If people's needs are interrupted anywhere along the motivational hierarchy, they are demotivated down to the next lower level. So, for example, even if a company does a great job of encouraging belonging and esteem, if it has policies that are seen as unfair (safety), the employees will never be motivated beyond the level of meeting their basic needs.

A company takes care of basic needs with salary. Security needs are addressed with fair and just company policies, health insurance, pensions, management training, and, among other things, the pursuit of sustainability. It communicates that the company actually does care about employees, their families, the community, customers, and the entire stakeholder community, including the planet. This helps motivate employees up the hierarchy.

The motivational hierarchy has nothing to do with the organizational hierarchy, whether an organization has democratic or autocratic governance. And whether democratic or autocratic, management must try to motivate employees to function at their highest level of motivation. Not everyone responds to motivational techniques, however. About 10 percent of people are already self-actualizers and don't need to be motivated. Another 10 percent do not respond to any sort

of motivation. The middle 80 percent can be motivated up or down depending on what management does.

One way to motivate employees is to reward them with company-wide recognition for pointing out areas for sustainability improvement. Mention them in a company-wide e-mail. Put their names and pictures up on a bulletin board. Give them a trophy or some other prize, or offer them the most coveted parking spot with the sign “Our Sustainability Hero of the Month.”

Every organization has lots of “low-hanging fruit”—opportunities for sustainability improvement that are very cost-effective and easy to implement. And highlighting the employees who find these opportunities addresses their and their peers’ needs for safety, belonging, and esteem. When they become “local heroes,” employees get addicted to picking fruit. Once they pick all the low-hanging fruit, they become incredibly creative and innovative in identifying and picking the higher, more-difficult-to-reach fruit.

Another way to incentivize employees is through the creation of mutually agreed-upon measures of performance (MOPs). This works because when performance measures are collaboratively arrived at and objective, instead of subjective, employees feel safe.

At Stonyfield, environmental performance criteria are very much a part of pay, bonuses, and promotion. Aveda used bonuses and overseas trips as incentives for meeting environmental goals.

In chapter 3, we talk about how you can convert your vision into a plan, but to do that, you need to know where you currently are. Now that your vision has been articulated and embraced by your team, it’s time to determine where you really are on the road to sustainability. In the next chapter, we will

discuss sustainability audits and how to do them. By measuring where you are, you will know what you need to do to implement your vision.

## Summary

Leaders must have a clear vision of where they want to go, be able to articulate the vision, attach the necessary controls and measures, inspire through their own actions, and accept that continuous improvement leads to success. A clear statement like “greening the world one yogurt container at a time” or “report the results of our actions to the planet” helps your team understand the vision in one phrase or sentence.

The most powerful actions you can take as an entrepreneur to lead your organization along the path of sustainability are these:

- Draft and then articulate your sustainability vision.
- Take responsibility for realizing the vision. If you have a person who is assigned the task of managing sustainability, make sure that person reports directly to you (the boss) and the board of directors.
- Personally live that vision in and out of the office.
- Make your sustainability vision stick through inspiration and by providing evidence of its effectiveness.
- Motivate your employees to support the sustainability mission.

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