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STATE OF THE WORLD

Transforming Cultures

From Consumerism to Sustainability

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STATE OF THE WORLD

Transforming Cultures

From Consumerism to Sustainability

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“If we continue to think of ourselves mostly as consumers, it’s going to be very hard to bring our environmental troubles under control. But it’s also going to be very hard to live the rounded and joyful lives that could be ours. This is a subversive volume in all the best ways!”

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“This year’s *State of the World* report is a cultural mindbomb exploding with devastating force. I hope it wakes a few people up.”

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Like a tsunami, consumerism has engulfed human cultures and Earth’s ecosystems. Left unaddressed, we risk global disaster. But if we channel this wave, intentionally transforming our cultures to center on sustainability, we will not only prevent catastrophe but may usher in an era of sustainability—one that allows all people to thrive while protecting, even restoring, Earth.

In this year’s *State of the World* report, 50+ renowned researchers and practitioners describe how we can harness the world’s leading institutions—education, the media, business, governments, traditions, and social movements—to reorient cultures toward sustainability.



full image



extreme close-up

Several million pounds of plastic enter the world’s oceans every hour, portrayed on the cover by the 2.4 million bits of plastic that make up *Gyre*, Chris Jordan’s 8- by 11-foot reincarnation of the famous 1820s woodblock print, *The Great Wave Off Kanagawa*, by the Japanese artist Katsushika Hokusai.

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Changing Business Cultures from Within

Ray Anderson, Mona Amodeo, and Jim Hartzfeld

The current Industrial Age was born out of the Enlightenment and the unfolding understanding of humanity's ability to tap the power and expansiveness of nature. The mindset that was developed early in the Age was well adapted to its time, when there were relatively few people and nature seemed limitless. Unfortunately, this mindset is poorly adapted to the current reality of nearly 7 billion people and badly stressed ecosystems. A new, better-adapted worldview and global economy are being born today from a greater understanding of how to thrive within the frail limits of nature.

Vital to the transition of the economy is the very institution that serves as its primary engine: business and industry. To lead this shift, business must delve much deeper than just the array of eco or clean technologies that are in vogue, to the core beliefs that drive actions. While a few visionary companies have been founded on the principles of sustainability, most businesses will require radical change. In the coming decades, business models and mindsets must be fundamentally transformed to sustain companies' value to

their customers, shareholders, and other stakeholders.

More and more organizations are turning to sustainability as a source of competitive advantage. Yet many companies are trapped and frustrated by their limited understanding of this challenge; many see it only as a set of technical problems to solve or a clever marketing campaign to organize. Perhaps the greatest danger is that these superficial approaches give companies a false sense of progress, which in the long run will very likely lead to their demise.

On the other hand, businesses that are willing to address change at the deeper cultural level have the opportunity to embrace a new paradigm built on the values of sustainability. Those willing to lead the way will reap the "first-mover" benefits, while supporting and accelerating the fundamental societal shifts that are becoming increasingly apparent. Every company's sustainability journey will be unique, but a basic road map, using what has been learned from pioneering companies and researchers, can help those that are interested in the journey to travel at a faster pace.¹

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The Need for Transformational Change

At the societal, business, and personal levels, the understanding and adoption of sustainability practices is limited less by technical innovation than by people's inability to challenge outdated mindsets and change cultural norms. Paraphrasing Edwin Land, physicist Amory Lovins has observed that "invention is the sudden cessation of stupidity...[that is,] that people who seem to have had a new idea often have just stopped having an old idea."²

A company's rate of adoption of new ideas, and therefore business opportunities, can be increased significantly by understanding the stages of change and the strategic decisions needed to support the evolving belief systems necessary for culture change. Personal change of this magnitude rarely occurs overnight, and changing an organization is often an even longer process.

Much can be learned from businesses that have moved beyond surface-level change to fully embrace sustainability and in doing so have created deep changes within their organizational culture. Experience suggests that sustainability derives its greatest power and effect in organizations when it is deeply embraced as a set of core values that genuinely integrate economic prosperity, environmental stewardship, and social responsibility: profit, planet, and people.³

To achieve this degree of change, leaders must put forth bold visions—so bold that they take the breath away—and they must engage their organizations in different, deeper conversations about the purpose and responsibility of business to provide true value to both customers and society. Moreover, the whole enterprise must be proactively engaged in such a systemwide way that mental models become explicit, multiple stakeholder perspectives are incorporated into the process, and collective interaction yields new knowledge, structures,

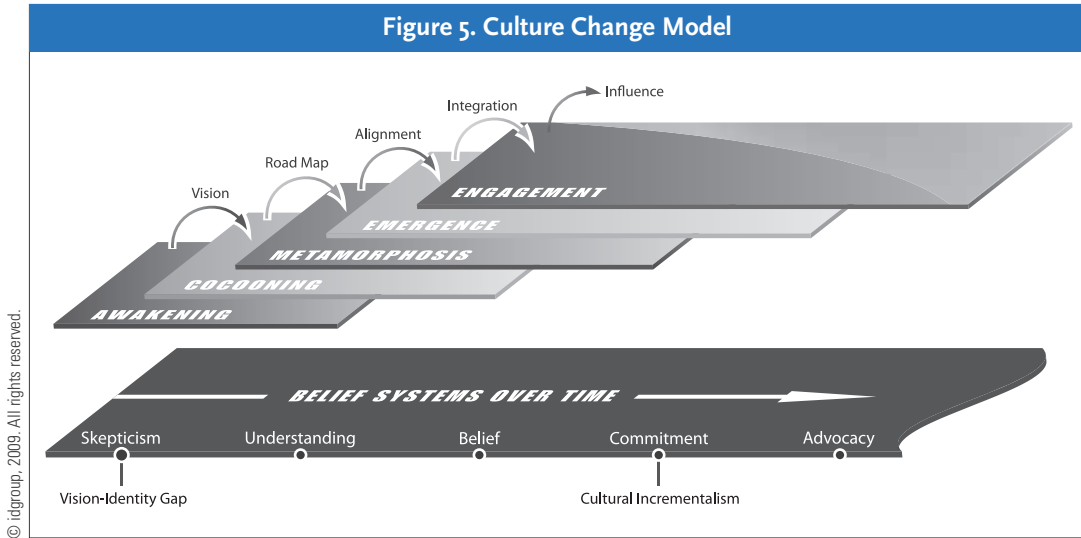
processes, practices, and stories that can drive the organization forward.

When organizations embrace sustainability in this way, it is fully woven into every facet of the enterprise. Sustainability becomes definitional, revealing itself in every decision—a strategic and emotional journey that enhances the entire enterprise. After all, can anyone really make "green" products in a "brown" company?⁴

A Framework for Culture Change

The U.S.-based global carpet manufacturer Interface, Inc. offers a valuable case study of a company that has embraced and achieved transformational change toward sustainability. Interface reports being only about 60 percent of the way toward achieving its Mission Zero 2020 goals, but the company has come far in its 15-year journey to sustainability. It has reduced net greenhouse gas emissions by 71 percent, water intensity by 74 percent, landfill waste by 67 percent, and total energy intensity by 44 percent. It has diverted 175 million pounds of old carpet from landfills, invented new carpet recycling technology, and sold 83 square kilometers of third-party certified, climate-neutral carpet. In the process, Interface has generated substantial business value in its brand and reputation, cost savings of \$405 million, attraction and alignment of talent, and industry-leading product innovation.⁵

Interface's sustainability leadership has been recognized internationally in multiple Globescan surveys of "global sustainability experts," receiving the number one ranking in 2009. But the company's transition was not choreographed in advance. During the first decade of the journey, Interface went through five developmental phases of change, driven by key levers that propelled its progress. (See Figure 5.) Deep changes in the identity, values, and assumptions about "how we do things here" moved the company to a new view of purpose, performance, and profitability within the larger con-



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text of environmental and social responsibility.⁶

The Interface model of cultural change represents a journey of the head and heart, facilitated by strategic decisions and deepening connections to the values of sustainability. These interacting factors closed the initial gap between the vision—a future sustainable company—and the actual unsustainable existing company, by incrementally transforming the culture through successive phases along a time continuum. As the company went through the phases of transformative change (awakening, cocooning, metamorphosis, emergence, and engagement), an evolution of belief systems also occurred, moving from skepticism to understanding, belief, commitment, and advocacy. This psychological progression worked in tandem with strategic decisions (vision, road map, alignment, integration, and influence) to create deep culture change.

Over time, the transformation can be envisioned as a dynamic process where new and ongoing connections, relationships, and networks come into being and flourish through an infusion of knowledge, wisdom, and grassroots experience. Early skepticism gives way to understanding as an organization confirms the

validity of the values of sustainability, which in time comes through successes actually experienced. As the collective identity of the organization changes, new behaviors associated with these values are reinforced and become more embedded in the culture. Understanding is augmented by belief and commitment.

New ways of thinking, believing, and doing emerge incrementally as strategic decisions are confirmed, and sustainability becomes fully embraced as “the way we do things around here.” This shifting paradigm produces innovations in technologies, sustainable business practices, and new leadership capacity, as well as a sense of pride, purpose, and commitment on the part of those associated with the organization. Externally, the organization realizes increasingly strong connections and levels of trust with its marketplace.

The Stages of Change

Awakening: defining the vision. To allow change to occur, a company must first be open to sensing and considering aberrant signals that may suggest or uncover new challenges or opportunities. The source of the signal can

be internal or external, subtle or cacophonous. Likewise, a company's awareness of the need to address sustainability can be stimulated in many ways, including inspired leadership, a grassroots internal uprising, a technical or physical challenge, or an unanticipated shock in the cost or availability of key resource inputs. At some point the magnitude of the emerging risks or opportunities become "real" enough to cause the organization to begin to seek more information and direction.

At Interface, the persistent and aggressive voice of a single customer caught the ear of the founder, Ray Anderson. At Walmart, the impetus was inspired leadership stimulated by a barrage of external challenges on multiple fronts. At Nike, it was the outrage sparked by a 1996 *LIFE* magazine article about child labor in Pakistan, which featured a photo of a 12-year-old boy surrounded by Nike-brand soccer balls he had been stitching. Other examples of external stimuli for increased sustainability awareness include Greenpeace's pressure on Electrolux and the Rainforest Action Network's pressure on Mitsubishi.⁷

Once a general direction is suggested, a small group of innovators or "scouts" may explore the magnitude of the problem and what it means to the organization and then propose a potential vision of the future. During this stage, it is important to suspend skepticism and engage the top leadership in a deep and honest exploration of the facets of sustainability—what it means to each person as well as to the organization. Investing the time, energy, and effort in individual and organizational reflection will establish the necessary tension to propel change and determine the level of commitment needed to move forward.

A natural sense of curiosity and the persistent ability to resist the pressures of the dominant paradigms (and existing structures) is important to allow new and unusual signals to penetrate and to overcome the natural response of defending the status quo. At this point, the

leadership makes a go/no-go decision. A clear vision is created, and the process of expanding the engagement of others in the organization begins—with the leadership acting as the messenger, evangelist, teacher, and cheerleader.

At Interface, Ray Anderson was inspired to declare his vision of sustainability for the company after reading the groundbreaking 1993 book *The Ecology of Commerce*, which proposed a culture of business in which the natural world is allowed to flourish. Jeff Mezger, CEO of U.S. home construction company KB Home, recently directed his leadership team to explore what goals and commitments they should make toward sustainability, even in the teeth of the industry's historic downturn. In July 2008, he communicated this vision in the company's first sustainability report.⁸

At Walmart, CEO Lee Scott and members of his leadership team took a year to personally explore, challenge, read, and tour settings around the world, from the ecologically crippled state of Montana described in Jared Diamond's book *Collapse* to cotton fields in Turkey and an Interface carpet mill in Georgia. Only after that year of exploration did Scott announce the company's direction in a landmark speech in October 2005, "21st Century Leadership." Even while stating ambitious goals for Walmart—"to be supplied by 100 percent renewable energy, to create zero waste, and to sell products that sustain our resources and environment"—Scott admitted that he was not sure how to achieve them.⁹

Cocooning: creating the road map. With a vision defined, a company must then determine how to translate the vision into action. In addition to deeper planning and early prototypes, the learning of the awakening phase is taken deeper and shared more widely across the organization and beyond. The result is a road map of action that normally includes goals, timelines, resource allocation, and—most important—metrics.

During this stage, the company is engaged

in activities that further “awaken” people in the organization to sustainability—the problems, challenges, and opportunities—with the view that people will typically only defend and support that which they help build and create. Frequently, an organization’s “whole” cannot be changed until the collective is assembled to work together to shape a new potential future. It is important at this point to tap into the organization’s creative intelligence and its stakeholders through dialogue, collaborative inquiry, community building, and cutting-edge methods of change that support new ways of thinking and transforming.¹⁰

At Interface, Ray Anderson sought to simultaneously engage a wide range of his internal leadership team, who were already associated with the company’s QUEST waste initiative, as well as the most visionary collection of external experts he could find, eventually named the EcoDream Team. Through an intense 18-month process, Interface’s Seven Fronts initiative (later renamed Seven Faces of Mt. Sustainability) was identified and published in the company’s first sustainability report in November 1996. The document laid out the sustainability challenge and proposed solutions in detail, with supporting metrics that outlined an extensive list of everything the company “takes, makes and wastes.”

Nike, following the media storm created by the 1996 *LIFE* article, went rapidly into cocooning with its internal staff and external experts and commissioned various university studies—taking nearly two years to develop a code of conduct for labor and environmental practices. CEO Phil Knight unveiled the code at a widely publicized 1998 speech at the National Press Club in Washington, D.C.¹¹

An extreme example of externally engaged cocooning is Walmart’s Sustainable Value Networks and quarterly Milestone Meetings. Announced in December 2005, Walmart created 14 teams to address major product categories and cross-cutting issues such as waste,

packaging, and transportation. A stunning facet of this period was the extent to which Walmart proactively engaged environmental groups and its suppliers. As evidence of the company’s key words for the era, “collaborate and innovate,” Walmart convened collective learning opportunities for the entire network. One early meeting included 800 attendees and began with Interface’s “Global Village Exercise,” where Ray Anderson and Jim Hartzfeld facilitated an interactive session highlighting global environmental and social conditions. In another meeting, Al Gore appeared at the screening of his film “An Inconvenient Truth,” and U.S. evangelical leader Jim Ball spoke on the alignment of scripture and concern for the environment.¹²

Metamorphosis: aligning the organization. Once a well-defined road map and early prototypes are established, the hard process of driving widespread change in the company begins. As with a caterpillar’s metamorphosis, the process will likely require the creative destruction of entrenched mindsets and processes. Sustainability cannot be a program confined to a specific grouping of staff. Instead, it must be broadly aligned, integrated, and institutionalized into corporate systems, structures, and processes.

This is a period of intense learning and experimentation. During this often messy time, it is important for the leadership to continually and consistently remind the organization of the vision, while at the same time meeting people where they are. Leaders should be prepared to support the push toward new innovations while maintaining a high tolerance for the associated risk of failure. Permission to fail is essential to empowering people to innovate at their best.¹³

Structures and programs that support organizational learning by rewarding and celebrating success will reinforce the organization’s commitment and provide the motivation needed to keep people going. Providing the necessary

resources, both financial and human, is of paramount importance. And while there can be great power in telling the sustainability story to internal and external audiences, it is also critical that the story be authentic—not to let the “talk” get in front of the “walk.” Outspoken commitment serves as a strong reinforcing mechanism for organizational members—a source of pride and pressure. Incorporating the sustainability story into marketing communications programs also creates increased marketplace recognition, trust, and connection.

At Interface, this process extended to all functions and regions of the company, including cascading dialogue with employees about dominant corporate values, as well as incentives and rewards. At Walmart, “metamorphosis” began with the creation in 2007 of the Personal Sustainability Project, designed to eventually engage all 1.8 million employees by connecting the company’s sustainability journey to the personal lives of its employees. Taking it one step further, Walmart created a supplier “packaging” score card that gave clear direction to its more than 60,000 suppliers that the company sought to engage everyone it was connected with, and not just the few early innovators, in its sustainability journey.¹⁴

During this stage, companies often falter after gathering the low-hanging fruit associated with technical changes. But the metamorphosis stage can also reveal the payoff of the “consciousness-raising” work done during the cocooning stage. If individuals in the organization move beyond understanding to belief, the organization will progress beyond minor improvements or adjustments that have little impact on the core of the organization. As a result, new innovations will begin to emerge as members begin to dismantle existing paradigms by asking new questions.

Emergence: ongoing integration. As the metamorphosis reaches critical mass, engaging more people and demonstrating success, the momentum is accelerated by the positive

energy of the process. Early successes drive learning, which stirs further innovation. Good metrics inform positive feedback loops of learn, do, measure, recognize—reinforcing the values and belief systems. At some point, the company’s identity must be fully invested in sustainability, and the associated beliefs and behaviors must become ingrained into the DNA, or cultural assumptions, of the organization. If this level of cultural integration is not achieved, the organization will never really achieve liftoff.

Engagement: influencing others. Even many years into a company’s sustainability journey, engagement is a continuing effort. Each level of success reveals new questions and challenges. This ongoing search for answers spirals to new levels of understanding about what is possible. Relative to the model presented, the stages of the process are continuous and recursive with deeper learning and innovation at every new loop in the spiral.

As an organization becomes more committed to sustainability, educating and influencing others becomes an important part of the change process. This advocacy role is beneficial to both the company and to the larger societal cause. In addition to helping others along in their journey and building the company’s image, additional learning and expanding knowledge come through collaboration and teaching others. Interface, for example, formed a consulting subsidiary, InterfaceRAISE, to help other companies move more quickly up the learning curve and through the phases of their journey. The company also developed an extensive speakers’ bureau consisting of Interface associates for general public and business education.¹⁵

Conclusion

Business and society are in a period of crisis as well as potential. Doing the same things a little differently, better, or faster will not bring about the transformational changes needed

to address today's challenges or grasp new opportunities. The Industrial Age can be supplanted by a new age of evolving human wisdom and emergent innovations, but only if businesses are willing to challenge existing paradigms and proactively discover new answers through collective inspiration. (See Box 13.)¹⁶

Business and industry—the most dominant institutions on the planet in both size and influence—can bring about organizational awakening that can catalyze more sweeping societal change. If business models are

grounded in the values of sustainability, the people who work in those firms will also likely accept and adopt the behaviors associated with sustainability as the “way things are and should be.” This offers business and industry a unique opportunity to accelerate the tipping point needed to correct society's current trajectory. To achieve this shift, companies must explore new worldviews and discard the old flawed views by encouraging personal reflection and new dialogue about the purpose and responsibility of business.

Box 13. Upgrading the Corporate Charter

Many U.S. businesses are redesigning their corporate charters to incorporate the interests of all stakeholders—customers, employees, communities, and the planet—rather than just those of their shareholders. Since 2007 the nonprofit organization B Labs has had a thoroughgoing certification process that identifies and validates precisely these types of businesses as B Corporations (the B stands for “benefit”).

By expanding legal responsibility, B Corporation certification allows businesses to alleviate the pressure to pursue nothing but the exclusively profit-centered “bottom line.” In addition, the designation helps to distinguish the corporations that are truly committed to socially valuable and environmentally sustainable practices from those just wanting to “greenwash” their operations. A B Corporation can also use the rigorous standard by which it is certified to monitor its own sustainability performance—a useful tool for companies that genuinely want to have a positive impact on society and the environment.

In order to be certified as a B Corporation, a company must submit responses to an extensive survey, which is then reviewed by B Labs. The company is subsequently audited in order to validate compliance with the B Ratings System. A minimum passing score of 80 indicates that the organization is eligible for certification, at which point it is obligated to submit a new corporate charter amended with the B Corps Legal Framework.

The B Corporation brand has already certified more than 190 companies spread across 31 industries with revenues totaling over \$1 billion. Although its financial depth is admittedly a drop in the bucket compared with the roughly \$14-trillion U.S. economy, this innovative tool could have lasting impact as corporations strive to reach B Corporation standards and, in so doing, acknowledge their increasing responsibility to pursue social and environmental benefits that extend beyond the traditional constraints of the profit motive.

—Kevin Green and Erik Assadourian

Source: See endnote 16.

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