



The Ladder of Sustainability

A Model for Moving Sustainable Business
Practices throughout an Enterprise

By Lisa Friedman, Ph.D.

Enterprise Development Group
930 Roble Ridge Road, Palo Alto CA 94306
www.enterprisedevelop.com

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In the past year, there has been an explosion of interest in sustainability in businesses, NGO's, cities and governments, as the world has recognized the threat of climate change. Businesses and organizations are mobilizing at multiple levels to develop new solutions to maintaining a livable planet. As the general public (and the customers of many companies) grow increasingly concerned, businesses are demonstrating a sudden burst of energy in innovation, funding, and leadership toward creating a more sustainable world.

Sustainability, the Triple Bottom Line, and the Triple Top Line

Sustainability is often defined as "Meeting the needs of the present without compromising the ability of future generations to meet their own needs." (Bruntland Commission, United Nations Report, 1987). The invention of the term "Triple Bottom Line" is credited to John Elkington from the British consultancy SustainAbility over a decade ago to highlight economic prosperity, environmental quality, and social equity (or People, Planet, and Profit).

William McDonough, Michael Braungart and others have expanded this thinking further into the concept of the "Triple Top Line." They ask the question, "How do we create products and services that don't simply do less harm but that proactively do good? How do we simultaneously create economic value, environmental value, and social value? Simply reducing harm carries significant risk — that people feel satisfied with solutions that do not go far enough to build a healthy society and planet. If our innovators stop searching because they have already taken actions and made progress, but they haven't made enough progress, then as a society we will still be in trouble. A Triple Top Line perspective encourages us to think more boldly and farther into the

future. (For example, there is a current Toyota television commercial that describes the Toyota Prius Hybrid as simply a step on the evolutionary path from making a car that pollutes less to making a car that cleans the air as it drives. The goal is not simply to do less harm, but to create powerful positive value).

Thus, when we refer to sustainability throughout this article, we are aiming for the most positive, regenerative form of value creation possible.

Sustainability Everywhere

Given this stance of ambitious sustainable value creation, what would it look like to have sustainability everywhere, to use Triple Top Line thinking as design guidelines throughout an organization? Think of Christmas in a department store where it is Christmas everywhere – in products and services that are special to the season; in the way the store looks, sounds and feels to customers; in the staffing and way that people are trained to respond with holiday spirit. Every element of the store has been designed to express a sense of the holidays.

Now consider using sustainability principles as design guidelines throughout an enterprise. Once a business makes a commitment to creating financial value, environmental, and social value simultaneously, how can this commitment be designed into work practices throughout the enterprise?

Two Steps to Sustainable Enterprise: Business Strategy and Organization Design

Creating Sustainable Enterprise is actually a two step process. Consider two separate domains of the enterprise where sustainability would influence the design of work practices: the business and the organization. The “business” is that part of the enterprise that creates its core work, the products and services for its customers and marketplace, while the “organization” is the set of internal structures, policies, tools, and culture that guides people to deliver this business.

The Ladder of Sustainability is actually a tool for setting sustainability strategy for an enterprise, for clarifying where sustainability will be designed into business practices at

different levels of depth. Once an enterprise sets its sustainability strategy and clarifies where on the ladder it plans to aim, then the next step is to design the organization to deliver this business goal.

The Ladder of Sustainability

The “Ladder of Sustainability” includes the progressive steps an enterprise can take to move Triple Top Line thinking throughout its business practices. Each rung on the ladder represents an area into which sustainability can be designed.

Design Sustainability into:

1. Products and Services
2. Processes
3. Business Model
4. Company Focus
5. Brand Identity
6. Supplier Web & Value Chain
7. Industry Leadership & Advocacy Role

1. Products and Services — A great deal of learning is required to make a products or services that are safe, nontoxic, energy-wise, made of renewable materials through a socially responsible manufacturing process.

For example, Nike is working on making a shoe where the top is biodegradable while the lower part of the shoe can be recycled into “Nike Grind,” materials that can be re-

used within Nike as well as made into sports surfaces (basketball courts, tennis courts, playgrounds, etc.).

2. Processes — A product that might be sustainable at the end of the assembly line could be manufactured using toxics to clean the factory, using an energy-intensive process, in a facility that wastes energy and pollutes water, using supplies that disrupt an ecosystem or community, or using a process that produces a great amount of waste. So beyond the product itself, it is important to examine all the steps in the production or work process.

Years ago, HP paid hefty landfill fees to dispose of waste electronics. Now they send this material to a special facility in Roseville, CA to be recycled for re-use into new electronic products — turning what used to be a cost center into a profit center.

3. Business Model — Sometimes companies will only make the change to create sustainable products and services if their financial incentives support their sustainability goals.

Interface, a global leader in the manufacture and marketing of carpet and fabric, has the bold vision to aim for being a “restorative company” by 2020. But they found that as long as they made more profit the more carpet they sold, there was little financial incentive to use less material by selling less carpet. So Interface changed its business model in two ways: they began to lease “carpet services,” collecting an annual fee for their floor covering service; and they also created carpet tiles, where a smaller patch of carpet could be replaced rather than replacing a full carpet. Once the company received an annual leasing fee for its carpet services the financial incentives were turned around. The company would make more profit the longer the carpet lasted, the fewer carpet tiles they had to replace, and the more fibers they could reuse.

4. Company Focus — The financial business model is often set at the leadership level of a company. Leaders can have a vision and business strategy for sustainability, but that is very different from ensuring that the average employee is capable of implementing it. At the level of company focus, everyone in the company learns the new design

principles and can begin to rethink his or her own work. Individuals can always find ways to instill Triple Top Line thinking into their work that others might miss. Once an enterprise sets out an organization-wide sustainability goal, the company can offer training, tools, metrics, incentives, connection to outside experts, and can share success stories to help each department and each employee integrate the new thinking. Because so little is designed sustainably now, everyone has something to add to make this a reality.

Interface trained all 7000 of its employees in sustainable business principles and practices. The company developed its own “Seven Fronts of Sustainability” where they would learn together:

Eliminate Waste

Benign Emissions

Renewable Energy

Closing the Loop

Resource-Efficient Transportation

Sensitizing Stakeholders

Redesigning Commerce

People in every area of the organization were encouraged to put these company principles into practice within their own department and work practices.

5. Brand Identity — A company can train every employee internally and still not go public with the fact that it is making this change. Employees can be encouraged to think and work sustainably without making this an integral part of the company identity. Taking the step to make this identity public is a strong commitment to taking a stand for sustainability.

Several years ago, BP (formerly British Petroleum) launched its Beyond Petroleum campaign as it began to transition from being an oil and gas company to becoming an energy services company, particularly one with a growing focus on renewable energy. By making this identity public, and putting its concerns about how to accomplish this task into its advertising and public communications, BP opened up dialogue with its customers and stakeholders about its emerging identity.

6. Supply Chain and Value Network — A company's commitment to sustainable value can move beyond the boundaries of its own organization to include its entire value chain or network, including suppliers, partners, and even customers. All materials, resources, and processes that contribute to the making or use of a company's product or service can be viewed as part of the enterprise's impact in the world. Aligning the entire "extended enterprise" around sustainability can actually make these easier and less expensive for each separate company in the system, and can lead to breakthroughs that can only be achieved at this larger system's level.

Leaders at Aveda, a manufacturer of flower and plant-based beauty products, describe the personal care industry as often quite toxic, with harmful chemicals and waste built into much of the production and distribution process. Aveda set the goal of "putting caring back into the personal care industry — at every step of the way." CEO Dominique Conseil describes a process of "Walking the Trail," where the company traces each ingredient back to its source. Aveda does not buy its supplies from organic materials brokers, but rather follows the flow of each ingredient they use in their products back to each supplier and each community where the supplies originate. They work to ensure that care for the environment and people are designed throughout the supply process — in every step from plant to customer.

7. Industry Leadership and Advocacy Role — After building sustainability principles into an entire enterprise and its supply network, many committed CEOs and company founders are taking leadership roles in advocating sustainability for their industry as a whole.

John Browne from BP was the first oil company leader who in 1998 declared that global warming existed, when other oil company executives were still denying the risk. Also, Arthur Blank --- one of the founders of Home Depot --- became educated about the risks associated with the destruction of old growth forests (with the help of campaigns from the Rainforest Action Network), and began to speak out against the sale of old growth timber throughout the home improvement and building industry.

Organization Design

Once an enterprise has clarified the level it is aiming for on the Ladder of Sustainability, it can plan how to align the organization to deliver this new performance. As a thought experiment, imagine any part of your organization chart. If there is a true commitment to meet the sustainability goal on the Ladder, how will that function or department need to change?

For instance, a Facilities organization might focus on green buildings, landscaping with indigenous plants, sustainable transportation programs, as well as water, energy, and materials use. The Finance team might focus on metrics to demonstrate performance beyond financial results, as well as making that information publicly visible. Members of the Human Resources team might recruit employees with the needed skills and knowledge to further the company's triple top line business goals, while enabling those goals through training, orientation, performance measures, and helping to build a company culture of innovation and sustainability.

The Next Industrial Revolution

Incorporating sustainability into business is part of a larger transformation that sustainability leaders such as William McDonough, Michael Braungart, and Amory Lovins call "The Next Industrial Revolution." As with the first industrial revolution, the challenges are clear and present. While the goal of the first industrial revolution was to create financial value, the challenge in this next era is to simultaneously create financial, social, and ecological value. There is a significant advantage for those working to enhance sustainability in this new era: It is still open territory — there is much to be accomplished and plenty of room for innovation.

Pioneers are needed at all levels, and interventions now can make important contributions and have profound impact on our future.

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