

Beyond Reasonable Greed: Why Sustainable Business is a Much Better Idea!

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~ 6 SUSTAINABLE COMMERCE ~

Growing Tusks And A Trunk

So much for the background on sustainability and our earlier introduction to the metaphor of the lion and the elephant. In this chapter, we start going beyond the 'why' to the 'how' of sustainable business. We explore seven critical dimensions in which shapeshifting needs to occur in order to create sustainable companies. These are: values, vision, work, governance, relationships, communication and services. So, if you're a lion, take a deep breath and don't pull your whiskers out!

6.1 Values: It's in his kiss

Values are exactly what they say they are – a reflection of the things we value. They are not motherhood and apple pie statements in annual reports, or candyfloss principles framed on the boardroom wall. If you want to know what values a lion lives by, the answer lies not in his well-groomed mane or his charming smile; as the rock 'n roll classic goes: "It's in his kiss!"

In other words, companies' values are betrayed by their actions, not their words or their spin doctor's marketing material. And an unreformed lion will never be a convincing elephant, no matter how real his mask looks or how much grey makeup he applies. It is only by behaving like an elephant, not by looking like one, that companies start to shapeshift. One of the authors watched a pride of lions at a waterhole in a Namibian game park as they refused to allow any other animal near to it. The day was extremely hot, the animals were getting thirsty and tired. It was clear that the lions' intention was to weaken their potential prey to the point that they were much easier to catch later on. Perfectly logical for a predator, but not the behaviour of an elephant. It occurred to the observer that this scene perfectly mirrored the principle of exclusion widely prevalent in today's economies. As farmers merge and expand their farms to compete in current world markets, no longer being afforded the protection by the state they used to have, so less land is available for the smaller farmers. Of course, this exclusionary principle applies in

any field where large companies are gobbling up the market by trading on their economies of scale. The end-result is a small number of asset owners surrounded by a property-less, unemployed, highly resentful proletariat. Have you heard that analysis before? It comes straight out of Karl Marx whose ideology these days it is politically incorrect to espouse.

While the previous paragraph would suggest that economies should become more inclusive to avoid a Marxist revolution, a lot of companies still embody values of exclusion. Why on earth have competition? Profit maximisation rests on domination and monopoly control. Hence, alive and well in a wide variety of 'mahogany rows' are the principles of self-preservation, paranoid secrecy, cold-blooded rationality, materialistic greed, egotistical empire building, distrustful stakeholder relationships, organised pack-hunting, strict don't-step-out-of-line hierarchies and inequitable class and gender divisions. This may sound overly like a Disney caricature of the evil antagonist. But if you step back and think about the corporate environment and the way in which managers behave and acquisitions happen, it starts to feel uncomfortably true. Don't get us wrong. We are not saying that business is the root of all evil, or that business people are devils in disguise. We are part of the scene ourselves. What we are saying is that the economy and business have adopted the lion persona so completely that the life of hunger and hunting and killing has come to feel perfectly natural. You see, the lion is not cruel; it is just being what it is – a carnivore. The difference is that business is not genetically programmed to be a predator. Neither are the people who make up companies.

Of course, many pension funds and other investors argue that, given the current rules of the game, they want their investments to behave like carnivores because that way they get the best returns. They would be horrified if the CEO got up at an annual general meeting and announced he was going to give half the growth in earnings towards fighting the war against HIV/AIDS. Which is the reason that we made the point about multi-level shapeshifting. A lonely elephant has little if no chance of beating the lions, especially if the odds are stacked against her – though you will see later on in this chapter that we quote a Harvard study which claims the elephant can be victorious in the financial realm (as well as in all others) if the playing field is level. The tragedy is that most people spend their childhood being taught to become elephants – to be kind, considerate, gentle, generous, trusting, fair, friendly, selfless and cooperative. Then they get snatched away from their supportive family environment and find themselves in the clutches of a more ruthless master – the economy, the company, the boss, the bank. Very quickly, they unlearn their homemade values. They are taught to distrust their caring instincts and to forsake their former beliefs as feeble naivety. They are shown how dangerous and unfriendly the world is, full of hungry competitors and harsh conditions. They are bullied into 'getting tough' in order to survive.

In fact, we believe that most people, even people like General Electric's 'Neutron Jack' whom we quoted earlier, are elephants at heart. One thing Jack Welch did, which you simply don't see from other CEOs, was to handwrite thank-you notes to his employees when he thought they'd done something special. Most CEOs only communicate with staff

lower down if they're in for a roasting. Sadly, the majority of management take off their elephant masks as they leave home in the morning and put on their lion masks. It may not feel natural or comfortable; but it is expected. When in lion country, pretend to be a lion or you may get spotted and end up as someone else's lunch!

Keeping up our feline façade is only possible because we find ways to dissociate ourselves from our harmful actions. We trick ourselves into thinking that decisions – like sacking people in the interests of efficiency, refusing a charity request or killing off a piece of Nature – are not personal. We rationalise that we are pawns on the chequer-board of the economy, the international markets, the shareholders, the budget, the performance appraisal form, or the corporate bonus system. Hence, while dishing out pain to others, we go on to accept a healthy salary increase and additional perks. Then we feed ourselves on another course of equally self-serving illusions – like managers are more valuable than the workers; like only those who create the wealth should share in the spoils; like there have to be winners and losers; and if there were no material incentives, who would work?

Elephant companies do not allow their people to hide behind convenient corporate masks. They do not profess values that they do not believe in or practice. Instead, they make it uncomfortable to think or act like a lion. Not by writing warm fuzzy value statements, or by throwing the rulebook at transgressors. Instead, they use two old-fashioned, tried and tested techniques – leading by example and applying collective moral pressure.

Take America's popular ice-cream chain, Ben & Jerry's Homemade Inc, for example. Since equity in the workplace was one of their fundamental values, the founders insisted on a top to bottom salary ratio of 7:1. Although the arrival of a new CEO in 1995 pushed up the ratio to 14:1, this was still commendably egalitarian compared with the rest of corporate America where CEOs were earning on average 85 times more than their employees. Staff diversity was another value, but not just on paper. By the mid-1990s, the number of minorities employed at Ben & Jerry's was three percent, almost double the 1.8 percent that made up the Vermont population. Three percent of professionals and managers were also from minority groups, including the CEO. The percentage of women in senior and professional positions was 40 percent and the company paid senior women 37.5 percent more than the national average.

Giving is another instance in which Ben & Jerry's put their money where their values are. In one year they committed as much as 7.5 per cent of pre-tax profits in donations to charity, compared with around one percent for the US food and manufacturing sector as a whole. Seeking to live up to their social responsibility values, Ben & Jerry's have also invited a succession of social responsibility experts over the years to publish an independent commentary on the company's social performance.

Another great example of elephant values in action is Brazil's largest marine and food-processing machinery manufacturer, Semco. Under the innovative leadership of company president Ricardo Semler, Semco lives and breathes three fundamental values – democracy, shared prosperity and transparency. These values are based on the notion of

giving employees control over their own lives. "We hire adults," says Semler in his autobiography *Maverick*, "and then we treat them like adults." Putting these values into practice has resulted in some serious corporate shapeshifting. For starters, the councillors (equivalent to what lion companies call executive directors) take it in six-month turns to act as CEO in cycles that overlap, rather than coincide with budgetary cycles. Associates (lower level employees) often earn more than coordinators (managers) or partners (divisional heads) and can increase their recognition and rewards without having to be part of line management.

All Semco employees attend classes to learn how to read and understand 'the numbers' and each and every one receives the accounts for their division each month. Staff are also given access on request to any other company information, including everyone else's salaries. "If people are embarrassed by their salaries," reasons Semler, "that probably means they aren't earning them." Semco has a similar open-house attitude to information leakage into the market. "After all, why worry about yesterday's news?" Semco has done away with hourly pay and now everyone gets a monthly salary, which they are allowed to participate in setting themselves. Semco distributes a half-yearly salary market survey and says: "Figure out where you stand on this thing. You know what you do; you know what everyone else in the company makes; you know what you need; you know what's fair. Come back on Monday and tell us what to pay you." Those that belong to unions have their salaries negotiated collectively. Furthermore, each division in Semco has a separate profit sharing programme. Twice a year, they put aside 23 percent of the after-tax profit on each division and decide – by simply majority vote – what to do with it. In most units the decision has ended up being one of equal distribution among all the workers in the division. Hence, the person who sweeps the floor gets as much as the division's partner.

Of course, corporate values seldom exist in isolation from broader cultural values. It is hardly surprising that modern capitalist enterprises display the values of Leo when the Western culture that produced them embodies such a conquering ethic. For this very reason, non-Western cultures may be on the brink of a renaissance as their more elephant-oriented values become increasingly valuable. This contrast is nowhere more pronounced than between the so-called Western / Northern countries and those of the South / East. For example, the culture of the West/North is highly focused on individual performance and rewards hierarchical authority and rational decision-making, while the East/South's emphasis is more about social harmony and cohesion, participative decision-making, creative expression and motivation.

The American Dream of rags-to-riches through individual hard work and personal achievement is but one symbol of the West/North's lion values. In business, most of us operate under these values every day, so they will not be explored further. But consider the alternatives. In Japanese culture, there is the concept of *wa* which stresses group harmony and social cohesion and *ringi* (meaning root-binding) which describes a bottom-up approach to decision making. This outlook on life translates into business practices that value consensus and unity of purpose, service and loyalty to a larger whole (the company,

the country, the world), and cooperation between individuals and groups in the workplace. An objection may be made here that we praised Japan to the skies for these values in the 1970s and 1980s as they conquered the world's markets with their zero-defect cars, TVs, VCRs and Walkmans. Then the wheels came off in the 1990s and they're still off. But one shouldn't confuse the good characteristics we are talking about with the deficiencies that have caused the Japanese economy to crash – an inflexible attitude towards structural changes and an emphasis on copycatting Western technology rather than doing original research and development.

In Africa, there is the widespread value of *ubuntu* which is based on a proverb meaning 'a person becomes human through other people.' Zimbabwean business leader and author, Lovemore Mbigi, speaks of "emancipating the spirit of *ubuntu* by building a culture based on tolerance, respect, human dignity and solidarity." Similarly, South African executive, Reuel Khoza, describes *ubuntu* as the philosophy of "I am because you are; you are because we are". It is a concept, he says, "which brings to the fore images of supportiveness, cooperation, and solidarity, that is, communalism."

According to Mbigi, *ubuntu* is supported by a host of related socio-cultural ideas from the African heritage such as *illima* (a cooperative effort in ploughing), *inquina* (hunting as a team), and *ukudla* (sharing food). Similarly, there is the practice of *ukisisa* or 'cows never die'. According to this principle, when a poor person in the community is encountered, the dignity of that person is protected by someone who is better endowed with cattle-wealth communicating the need for one of his or her cows to be cared for. This transaction in turn provides the destitute member with milk and wealth in the form of one or two calves, after which the original cow is 'borrowed back'. The practical application of such elephant-friendly values in business is a golden thread that runs through the remainder of this chapter.

6.2 Vision: A jumbo quest

Shapeshifting seldom happens in countries or companies without visionary leadership. Like the revolutionary philosophers and scientists of centuries past, somebody has to be able to step outside of the parochial present and see the bigger picture of the future. And like those historical reformists, today's innovative leaders walk a tightrope between being recognised and celebrated as a visionaries and being regarded as crackpots to be locked up or heathens to be burned at the stake.

The great thing about creating a sustainable future is that it is an inspiring ideal: something that, like the elephant, is bigger than ourselves - a little frightening, somehow magical, an exciting challenge at the very least. And in today's barren desert of materialism and secularism, people are crying out for something inspirational, even sacred, to quench their thirst for meaning. Sustainability is that oasis shimmering on the horizon. It is what we call the 'wow calling', the hunger for something to believe in, the eternal yearning to make a positive difference.

Often, this profound revelation is accomplished through partaking in a 'vision quest'. The vision quest is a sacred ritual common to many ancient indigenous cultures. It is performed at critical times in the life of an individual, such as entering adulthood, choosing a vocation or becoming an elder. Likewise, the vision quest can apply at a community level, when a tribe are seeking peace, needing rain or changing their leadership ranks. The traditional process goes something like this. The questers leave the safe environment of their community and travel to a remote, isolated place. Alone in this wilderness environment, as they fast and pit themselves against the elements, they begin to face their psychological fears and emotional demons. These invisible trials prepare their consciousness to receive a vision. The revelation may come as a sign, a symbol, a dream or a vision. It may manifest as a cloud shape or an animal messenger or simply a 'thought-quake'. When the questers return, the diviner and the elders help with the interpretation of their visions and what new meaning it heralds for the life of the individual or the community.

With the era of sustainability looming as a new stage in the life of business and nations, companies and countries need to go on their own vision quest. This could take many different forms: a personal Damascus-type experience by the CEO or President, perhaps catalysed by his or her children or grandchildren; demands for a policy response to a major strategic change such as clearer evidence that carbon consumption should be constrained; or a paradigm shift in the wake of a crisis such as the terrorist attack on New York on September 11, 2001.

Interface, a Fortune 1000 company and the world's largest producer of contract commercial carpets, is a good example of the potency of discovering an inspiring vision. In 1973, Ray Anderson left an executive position with a well known US carpet manufacturer and risked his life savings and the investments of good friends to found his own company, which became Interface. By 1994, the company was already extremely successful but it began to hear a strange rumble in the wind – inquiries from customers about the environmental aspects of Interface's products. Interface, like many companies have done, stood on the cusp of a strategic decision. They could ignore the rumbling, believing it to be a bit of harmless corporate indigestion (which is to be expected with a growing appetite for profits). Or they could listen more carefully. After all, it might be an approaching tidal wave! Then again, it could also be a form of intelligent communication like the infrasonic language of elephants on the horizon. Needless to say, Anderson heard the call - if somewhat reluctantly at first.

The company's research arm had been charged with coming up with an environmental policy. They in turn asked Anderson, as CEO at the time, to launch the environmental task force by giving them an environmental vision. Anderson recalls that he didn't want to make that speech because he had no vision other than compliance with the law. Then he came across Paul Hawken's book, *The Ecology of Commerce*, and felt its message he recalls "like a spear in the chest". Anderson claims that "in a heartbeat" he had found the vision he was looking for, together with a powerful sense of urgency to implement it. He

saw that business was part of the problem and part of the solution. And he had the courage to say: "Someone has to take the lead! Why not us?" Anderson offered the task force a vision: to make Interface the first name in industrial ecology worldwide through substance, not words. And he gave them a mission too: to convert Interface into a 'restorative enterprise'. First, Interface would attain a state of sustainability, and then it would become restorative by putting back more than the company takes from the Earth by helping others to reach sustainability - even competitors. How he translated this vision into practice is dealt with in a later section of this chapter.

The provocative vision of Anita Roddick, founder of the international cosmetics company The Body Shop, is another example of how shapeshifting can be catalysed. "As far as I am concerned," she says in her book *Business As Unusual*, "the business has existed for one reason only – to allow us to use our success to act as a force for social change, to contribute to the education and consciousness-raising of our staff, to assist development in the Third World and, above all, to help protect the environment. What we are trying to do is to create a new business paradigm, simply showing that business can have a human face and a social conscience."

She continues that for The Body Shop the business of business is to keep the company alive and breathlessly excited; to protect the workforce; to be a force for good in society and then think about the speculators. She believes that if companies are in business solely to make money, you can't fully trust whatever else they do or say. She sees business as a renaissance concept, where the human spirit comes into play. It does not have to be drudgery; it does not have to be the science of making money. It can be something that people genuinely feel good about, but only if it remains a human enterprise.

"How do you ennoble the spirit when you are selling something as inconsequential as a cosmetic cream?" asks Roddick rhetorically. She answers that you do it by creating a sense of holism or spiritual development, of feeling connected to the workplace and the environment and of forging relationships with one another. It's how to make Monday to Friday a sense of being alive rather than a slow death. How do you give people a chance to do a good job? By making them feel good about what they are doing. The spirit soars when you are satisfying your own basic material needs in such a way that you are also serving the needs of others honourably and humanely. And she adds: "Under these circumstances, I can even feel great about a moisturizer." Of course, her detractors will argue that she has had to step down from pole position in the company precisely because she wasn't business-like enough in conducting the company's affairs. They will point to the very disappointing performance of the share price over the last ten years. And they will gloat over the fact that her downfall was brought about by the supermarket chains that she derided. Yet, there is no denying that she has left an indelible mark on the corporate world and that she is not done with her shapeshifting career yet. While giving up her hands-on role, she is staying on as a non-executive director and consultant at the Body Shop and will no doubt continue her campaign for principled leadership in business.

In South Africa, the Spier company is another example of visionary elephant leadership. Set in the idyllic landscape of Stellenbosch in the Cape, Spier had operated as a wine farm for three centuries before the (then) 90 hectare estate was bought by businessman, Dick Enthoven. Having led an extremely successful career in South Africa's mainstream business sector, Enthoven wanted to leave a legacy, to give something back. Transforming Spier became the centre-point of his vision quest. "In 150 years from now," says Enthoven, "I want people to look back and say that they did a good job".

The way this vision has unfolded in practice is a colourful story full of inspiration. It started with Enthoven embracing the cultural heritage of the area. Spier set about restoring the old Cape-Dutch historical buildings on the estate that date back to 1680, and turning these into conference and restaurant facilities. Next, a hotel complex named The Village was constructed, drawing on the Cape's Malay influences for its architectural style and on ecological principles for its design. An open-air amphitheatre was also built and an Arts Trust started to develop and showcase local talent. The last initiative led to the recent performance of Carmen in the West End of London by a South African cast of newcomers, which drew rave reviews from music critics of leading English newspapers.

One of Enthoven's key concerns in the Spier project was "the restoration of equity in a society that has been distorted by social engineering." For this reason, former farm labourers have been given an ownership and management stake in the vineyards and vegetable farming enterprises. In addition, Spier has embarked on establishing an off-site eco-village, which will eventually incorporate schools, offices, craft workshops, an arts venue, a community centre and homes for almost 150 local families.

There have been various ecological reforms at Spier as well. With 140 hectares of land set aside for organic farming, it is now one of the largest commercial organic farms in South Africa, cultivating both vegetables and vines. Spier has also formed a subsidiary called Green Technologies which acquired the South African licence for an environmentally-friendly waste treatment system called the Biolytix Filter. The installation of this Biolytix Filtration system at The Village at Spier is the first of its kind on this scale in the world.

The vision around which Enthoven has been building Spier's renaissance is now classic triple bottom line thinking, underpinned by a set of inspiring values. The latter include the following: custodians of culture; financial viability and economic sustainability; unexpected pleasures; places of the soul; sustainable resource use; community building; and learning for development. As 'airy fairy' as these values may sound, Eve Annecke, who is the Spier executive responsible for implementing them in all operations, can certainly not be accused of living with her head in the clouds. "We are not on some sort of moral trip here," she says. "We're dealing with practical technologies and looking for better ways of doing things. We learn as we go and we face contradictions all the time: what good is organic farming when women are subject to regular abuse at home, or when babies are born with foetal alcohol syndrome? We live in a violent society. We are not pretending to solve all the problems but we are acknowledging that the problems exist and we work at resolving them where we can."

Adrian Enthoven, chairman of Spier Holdings and a director of Biolytix, sums up their philosophy as follows: "Our view is not purely altruistic. The whole world is moving in this direction – towards ecological sustainability. Economic imperatives are driving it, and economics relies on social sustainability. These three issues are inextricably linked and this is why, at Spier, we call for accountability in terms of the triple bottom line: financial viability, social equity and ecological sustainability."

There are numerous other examples of companies that have experienced successful vision quests involving sustainability. Ryuzaburo Kaku, former chairman of the Canon group of companies, speaks for all of these pioneers when he muses that, in the highest stage of evolution of a corporation, "a global consciousness emerges and the corporation sees itself contributing to the whole of mankind". This is founded on the Japanese philosophy of *kyosei* – living and working together for the common good. Jumbo visions like these act like sprinklings of magic dust in the business of shapeshifting. They work not because they intellectually convince us, but because they emotionally engage us and spiritually inspire us. They work because we are all, as humans, on a vision quest for meaning in our lives.

6.3 Work: An elephants playground?

Having a leader's inspiring vision is one thing, but it is like whistling in the wind unless people in the workplace are able to express their own inherent magic – their creativity and imagination, their values and passions. As Anita Roddick says: "People become motivated when you guide them to the source of their own power".

And yet lion companies don't seem all that interested in the personal magic of their employees. The problem is that magic is, well, a bit unpredictable (and a tad scary too). It cannot be reliably channelled in service of the almighty buck. And it usually involves a lot of flaky intuition and goopy emotions. I mean, how can hunting be efficient if it is subject to the whims of a muse or constantly distracted by feelings of compassion for the other animals? No, when employees are at work, they must be constantly reminded of their mission: that they are lions hunting down prey – customers, market share, profits, anything that glitters. They must focus on the corporate mission, the sales objectives, the quarterly review. Time is money. Therefore, they must be strongly discouraged from spending any work-time on socialising, resting, playing, eating, or attending to personal matters. They must do those things after hours (as if life after work doesn't really take place in real time).

The ideal employee of the lion company is one who arrives at work (early), checks in his or her personal life at the door, and goes straight into profit-making overdrive. It helps with the focus if they can switch off their feelings as well, since work is a place for rational individuals. And as for creativity and intuition, well, we talked about that already. It's not that they are bad as such. It's just that they are so difficult to control, and they don't translate easily into data tables and bar charts. If the truth be told, they're just not very macho.

There is a problem of course – humans! They are not machines or computers. In fact, they almost insist on being unfocused. And, as a general rule, they are not very rational either. They have emotions! Not to mention all their distracting demands – no work on weekends, big chunks of idle leave, irresponsible bouts of illness and pension payments when they become worn out. That's why lion companies have ingeniously invented a multitude of bribery mechanisms (incremental salary increases, incentive bonuses, pretentious job titles, offices with a door and even a view) and behavioural rules (policies, procedures, systems). In return, of course many employees of lion companies adopt their own version of lion-like behaviour. When they go to the office, they 'go to war' with all their rivals. Or they work to rule. Or they chisel extras out of their travel and expense accounts on the basis that if the company is going to be a predator, so can I.

Elephant companies, on the other hand, do something that is almost unimaginable. They accept humans as humans. They don't try to turn us into machines. In fact, they encourage us to express all aspects of our humanness. For example, they realise that we function according to natural rhythms, not artificial clock time – we all have cycles of productivity over the course of a day. We are also remarkably good at multi-processing and multi-tasking: it stimulates us and keeps us from getting tired, bored and unproductive.

In an elephant work environment, there is no fussing about start times and end times, or being in the office versus working at home. There is no need to feel guilty about attending to the odd 'distraction'. Employees don't build up stress as they do in lion companies because all the bits and pieces of life are being neglected – like family and household chores and personal banking. Don't get us wrong: elephant companies do not offer a licence for slackness and corruption. By treating their staff as responsible adults, the latter apply their own codes of conduct to themselves which are probably stricter than the external rules would be. They feel a sense of duty, they have self-discipline! Thus, it is often hard to tell 'work' apart from 'personal' or 'fun' or any other lifestyle choice in an elephant company, whereas lion companies prefer to put them in boxes.

Elephants' fuzziness is very frustrating to a lion manager of course. Elephants seem to just mosey around all day, nibbling a bit of this, dusting a bit of that, chatting to some friends here, splashing around in a mud hole there. They are not focused on the prey at all. Look at all that time they take for family bonding, for having fun in the water, for catching up with the gossip from passing friends. There's none of the stress of being a hunter. Mind you, they don't starve. In fact, they seem to do very well despite not being obsessed about food. Mmm, interesting! One CEO of an elephant company has Walt Disney mementoes all around his office which he calls his play-room. In particular, he has a large effigy of Mickey Mouse next to his desk. This is to remind all the important people that come to see him that he is head of a Mickey Mouse company that wants to have some fun!

The aforementioned Semco allows its employees to control their own working conditions. Time clocks have been eliminated, and people come and go according to their own schedules – even on the factory floor. The result is greater spontaneous coordination

between workers, and more people who can now do several jobs. Interestingly, although they set their own schedules and targets (or perhaps because they do), they tend to work longer hours to meet them. The success of this 'factory floor flexi-time' is summed up by one of Semler's comments: "When we introduced flexible hours, we decided to hold regular follow up meetings to track problems and decide how to deal with abuses and production interruptions. That was years ago, and we haven't yet held that first meeting."

So, working like an elephant is not about becoming completely scattered and ineffective. It is about being flexible, discovering the most appropriate times to work and play and socialise, or to do a combination of these. When we reconnect with our natural rhythms and apply them to our work, we play to our own individual strengths. At the same time, we work out ways to find a harmonious blend with each other's natural cycles. This increases, not decreases, our productivity. The reason is that we are not spending vast amounts of energy fighting our own natural tendencies. At the moment, most of us in lion workplaces feel obliged to persevere with rolling rocks up a hill in the morning, even though we know that in the afternoon the landscape will be flatter and the rocks will feel lighter. Shapeshifting will mean sloughing off some of the lion's control-freak habits, trusting others more, and having a less regimented environment.

Being human at work is also about being able to be ourselves – our whole selves. Lion companies take their cue from neo-classical economics and assume that people are 'free rational utility-maximizing individuals'. "Professionalism in management is regularly equated with hard-headed rationality", noted the Tom Peters and Robert Waterman duo of *In Search of Excellence* fame. "The problem with the rationalist view of organising people," they went on to say, "is that people are not very rational". To fit Frederick Taylor's old model of scientific management or today's organisational charts, they concluded that man is simply designed wrong or, of course, vice versa according to how you argue it. "In fact, if our understanding of the current state of psychology is even close to correct, man is the ultimate study in conflict and paradox."

The successful performance of split-brain surgery in the 1960s and 1970s seems to confirm this view, as well as to lend further insight. In treating 25 patients for severe epilepsy, doctors found that not only can the two hemispheres of our brain operate independently, but they also seem to control essentially opposite functions. While the left brain is associated with rational and intellectual engagements, the right brain is oriented towards intuitive and creative processes. Canadian business professor, Henry Mintzberg, was the first to spot the implications for business which he set forth in a 1976 article in the *Harvard Business Review* called 'Planning on the Left Side and Managing on the Right'. "The key managerial processes," he remarks, "are enormously complex and mysterious, drawing on the vaguest of information and using the least articulated mental processes. These processes seem more relational and holistic than ordered and sequential, and more intuitive than intellectual; they seem to be most characteristic of right-hemispheric activity."

This theme of duality and balance is one that the ancient Chinese understood well and is represented in their *Tai Chi* symbol, which depicts the flow of opposites within a greater whole. Contained within the circular symbol, the one extreme yang represents masculine, active, competitive and rigid characteristics; while yin encapsulates the feminine, passive, cooperative and flexible aspects. Lions are yang; elephants are yin. And most of today's companies are yang companies, praising 'hard' qualities like rationality and assertiveness, and pooh-poohing 'soft' traits like intuition and compassion.

It is not difficult to diagnose whether your company is a lion or an elephant. Just count the number of times words like 'love' and 'caring' and 'morality' crop up in management meetings; or how often people feel comfortable enough to cry at the office. Former head of chemical giant ICI once said that the word 'love' was as threatening in business as talking about an unexpected liability on the balance sheet. Author and Fortune 500 company director, James Autry, makes the same point in his inspiring book, *Love & Profit*. Feelings are seen as a weakness in the testosterone-dominated corporate world. One chairman was reported to have asked a colleague why one of his managers had left the business to join the church. His colleague replied: "Long-term promotion prospects". It hadn't occurred to the chairman that there might be life after the company!

For lions, displaying toughness is all-important. And toughness means dominating meetings and markets, intimidating suppliers and competitors, controlling situations and people. Toughness means showing intellectual superiority and aggressive ambition and not letting emotions cloud your judgement. Elephants, on the other hand, are led by matriarchs. Emotions are openly displayed within the herd – be they affection, grief or delight. Extrasensory perception is constantly relied upon. Nurturing intimate relationships is all-important.

Trying to turn complex, variable humans into rational, predictable machines has left many people feeling like prisoners, trapped in their jobs, unable to be who they really are. Certainly, given the choice, it is not how they would choose to spend their life. But there's the mortgage to think about, the school fees, the parents' expectations. Even beyond that, so many people we talk to experience feelings of existential crisis in their work. "What it's all about, Alfie?" they plaintively ask just as songstress Cilla Black did in the 1960s. Incidentally, she was picked out from the crowd by Brian Epstein, the same man who discovered The Beatles in the Cavern in Liverpool.

One thing that would help with the existential crisis in business would be a switch from the present focus on 'jobs' to the old idea of 'vocations'. A job is something you do to earn money to get by. It is a means to an end. Thus, people often end up 'living for the weekend' or counting down the days to their retirement. A vocation, on the other hand, is a life pursuit that you do out of a sense of calling, a feeling of being uniquely suited for performing a certain kind of work. Mythologist Joseph Campbell talked about "following your bliss". How many people can use that word to describe their work – bliss! You may think that we are spiralling off into a dream world here, an idealist's fantasy. But stay with us. Pursuing a vocation should not be mistaken for some kind of hallucinatory happiness

trip, free of all cares, worries, stresses or difficulties. In many ways, following your bliss is more difficult, because it entails soul searching, tenacious endurance, constant questioning, facing fears, shrugging off securities and stretching every fibre of your being. The difference is that it feels like a personal quest, a freely chosen path, a journey with a purpose. Intuitively, we are all searching for this Holy Grail in our careers, hobbies or voluntary work.

The experiences of Victor Frankl, outlined in his book *Man's Search for Meaning*, provide some insight into this heartfelt yearning of ours to make something meaningful of our work. Frankl, a trained psychiatrist, lived through the Nazi concentration camps, and noticed that people can endure the most trying and horrific circumstances if they can discover and nurture a sense of personal meaning. Providing, therefore, there is something to believe in, the human spirit triumphs over physical hardship or emotional trauma. The 'something' can be anything – the achievement of a personal goal, the development of a particular skill, the creation of something unique or beautiful, or the pursuit of a spiritual quest. But the essential feature is that it is a personal belief. No one can tell you what should inspire you or motivate you. No one can brainwash you into discovering meaning in your work if it's not your bag. No one can pre-select your vocation for you. Of course, the lion economy makes the pursuit of vocations very difficult. Round people are put in square holes because nobody consulted them about their true desires. Hence, once again, the need for multi-level shapeshifting.

6.4 Governance: Council of the animals

Governance is a word that lions don't like much. It smacks too much of giving away power. Or sharing supper. Lion directors prefer the freedom of making all their decisions in secret councils or while they're on the run, with no justification needed and no recourse back to them. Why should they consult beyond their colleagues in the inner sanctum on whether to swallow up another company, or shut down an operation and retrench thousands of workers? These are strategic matters that only the board can decide on. The pride rules.

Lions want power and autonomy, not for their own sake they are quick to add; but because they need to make things happen and fast. Opportunities and threats come and go at cheetah-like speed, whether they are stock market fluctuations, competitor tactics, product innovations or customer fashions. Markets are like the gun-toting Wild West. Fastest on the draw stays alive and lives to chew another roll of tobacco. Not to mention pocketing a bit of the 'ole booty' along the way. Doing business is a verb, not an adjective: it is active not passive. Feline companies pounce in the twitch of a whisker.

In other words, if the lion king has his way, business is a monarchy, not a democracy. He rules by divine right, issuing edits from his royal court of directors. And what good is it being a powerful lion king if you have to explain your every action to the masses? Or account for the origin and size of your obvious opulence? Lion kings exist to rule over their subjects; to direct their destiny and control their lives – their daily tasks, their dress code, their beliefs and their lifestyle. The people must be made to serve with unquestioning

loyalty and contribute towards the overheads of running the royal court. And if they disobey, the long arm of the 'paw' will catch up with them.

To question a lion's choice of prey or hunting style is to invite getting your head bitten off. Lions expect everyone to trust their feline instincts and appetite-driven judgements unreservedly. After all, no lion ever caught an antelope (or conquered a country, or captured a market) by asking the buffalo for advice, or sitting around a thorn tree discussing it with the warthog, or asking permission from the rhinoceros. And those who would criticise the laws of the jungle should reserve their irritating chatter for the monkeys; maybe they will listen. This starts to get down to the heart of the governance debate, namely the dual issues of control and transparency. You don't need to ask a lion who should be in charge! But if you are a springbok or a zebra or a giraffe, you may want to have a say in the way that the bushveld is run. In particular, you may want to question the lion's right to kill off whomsoever he pleases, whensoever he pleases. Or his right to fatten himself and his pride, while the rest of the animals are starving during a drought. Or to be the growling censor of any information put out by the company on how it is run. Extracting facts is like extracting teeth – difficult when it's the lion's mouth you're trying to get them out of!

However, the seeds of a popular revolt have been planted with the demonstrations in Seattle in 1999 serving as a sign of things to come. And the demonstrations have got worse despite a growing security shield around each 'high and mighty' meeting. The frustration and anger about the unhealthy power balance in the world has boiled over (with increasing violence) in every city where the Political Establishment have met. Quite simply, the gap is getting too wide between the rich and the poor countries and between the rich and the poor within countries. For their part, the corporate lions participate annually in noble-sounding debates at the World Economic Forum, licking their paws and knowing full well that they will never be called upon to implement any resolutions that come out of it. They will be free to go on as they please.

Companies have become more powerful than governments. Yet, the millions whose lives they affect have little or no say in what they do. The public do not choose which companies are allowed to exist and operate in their communities, nor do they elect the directors and managers. Yes, they do buy the company's products and services as consumers and are free to switch from one company to another. But, as we've emphasised already, the 'invisible hand' of the market exerts limited pressure. The only real accountability that business has is to itself and its lion-leaning shareholders. If, as a result of corporate actions, national economies go into crisis, or communities suffer, or the environment is degraded, it is seldom that the shareholders and company directors go into battle against one another. The share price has to drop for that to happen. The shenanigans at Enron would never have become public if Enron had not gone bust as a result.

But the world is shapeshifting to some extent. Elephant activists are trumpeting their concerns loudly enough for the lions finally to be taking notice. Over the past decade, for example, numerous corporate governance codes have emerged, which require companies

to give a more transparent account of how their business is being run and the impacts on the various stakeholder groups. One of the most recent and progressive documents is South Africa's revised King Report which even makes explicit recommendations on sustainability reporting and social and ethical accountability. Shapeshifting goes beyond putting ticks into boxes, however. At the end of the day, it is once again about values and behaviour. Companies that perpetuate the widening gap between rich and poor in their own payroll profile are always going to fall into the lions' camp. Companies that persist in managing from the top down will never turn their fangs into tusks. And companies that only create partnerships that benefit themselves may learn to purr, but they will never lose their roar. Elephant companies, on the other hand, embrace the principles and practices of good governance with passion. They worry less about controlling and more about caring and sharing. They volunteer; they don't grudgingly concede.

In order to implement governance at a practical level, shapeshifting needs to occur in at least three areas: company incentive systems, decision-making processes and communication methods. In exploring these issues, it is instructive once again to contrast Western and Southern cultural dynamics. For example, in traditional African culture, it is socially undesirable and inappropriate to behave so as to 'stand out from the crowd' in the way that individual achievement is promoted in Anglo-Saxon culture. The reason is that such behaviour may destroy vital social cohesion in a community by creating destructive competition or undermining the respected role of the elders in the tribe.

This is not to say that individuals are not encouraged to master areas in which they display a particular aptitude or natural gift. On the contrary, skilful specialisation, whether as a healer, artist, hunter or leader, has always been a key element in enabling communities to survive and thrive. But the context for this achievement is carefully managed, through strict social rules, in order to ensure that it enhances the common good and maintains cohesion of the unit. Contrast this with the stereotypical reward system in the West that tends to be based on individual merit regardless of what it does to the rest of the team.

Cashbuild is a pioneering South African company that showed how elephant thinking could be put into practice in business long before corporate governance had become a catchphrase. For instance, in the 1980s they revised their performance appraisal system so that they were "geared to rewarding team achievements whilst also rewarding individual contributions to the improvement of the functioning of the team as a whole. In this way, the poor and mediocre performers are encouraged to raise their standards, in contrast to the situation where higher performers lower their standards to maintain their identification with the group."

According to former Managing Director of Cashbuild, Albert Koopman, replacing reward and punishment systems with systems based on peer recognition and rejection makes good business sense. For example, under Cashbuild's old reward/punishment system, the company could never reduce employee absenteeism and lost hours to a figure below 15 percent despite repeated warning letters and disciplinary procedures. Then, when they

used the peer group concept by simply placing red marks next to late or absent employees' names on a publicly displayed chart (with no management reprimand), lost hours immediately dropped to one percent.

Cashbuild also introduced other innovative practices. They held extensive 'sharing' sessions among employees, aimed at deepening understanding of diverse histories, cultures and values in the workplace. They removed the power imbalance in management-labour relations through the empowerment of shop steward committees and other representative councils. And once a year, the company held a three-day communal gathering - 'The Great Indaba' - during which every employee had the opportunity to make his or her views on Cashbuild and its leadership heard. This sharing approach resulted in consensus being reached more quickly on key decisions. In the one year, it took a mere 35 minutes to conclude wage negotiations.

The Brazilian company Semco, to which reference was made earlier in this chapter, also shows how to take democracy seriously in the workplace. The company does not hire or promote people until they have been interviewed and accepted by all their future subordinates. Twice a year, subordinates evaluate their immediate managers and everyone in the company fills out an anonymous questionnaire about corporate credibility and top management competence. In addition, all important decisions are made collegially – sometimes even by a company-wide vote.

Of course, given the latest advances in computer networks which allow for real-time feedback, it is considerably easier to implement workplace democracy. But the battle-scarred lions have to let go of their control first. The great elephant leader and former South African president, Nelson Mandela, gives some clues to this new governance style in his autobiographical *Long Walk to Freedom*. He recounts his childhood memories of how tribal meetings allowed for full participation by every Thembu person of the region, without interruption or intervention by the regent chief. He reflects on how these early experiences have influenced his own approach to governance as follows: "As a leader, I have always followed the principles I saw demonstrated by the regent at the Great Place. I have always endeavoured to listen to what each and every person in a discussion had to say before venturing my own opinion. Oftentimes, my own opinion will simply represent a consensus of what I heard in the discussion." Mandela always remembered the regent's axiom: a leader is like a shepherd. He stays behind the flock, letting the most nimble go on ahead, whereupon the others follow, not realizing that all along they are being directed from behind.

6.5 Relationships: Walking gently as giants

Elephants are highly sociable creatures. They move in large herds which usually comprise of more than one family group. They protect, care for and even suckle each other's young. In the dry season, several herds will often join together or remain in infrasonic contact in the belief that camaraderie helps them face the harsh elements of Nature. A lot of their time and energy is spent cultivating and nurturing relationships in the herd, whether by

frequent infrasonic dialogue, playing together or intimate caresses with their trunks. It is clear that building bonds of family and friendship is at least as important as feeding. In the wider context, they have no natural enemies and many of their actions are symbiotic in nature, such as digging water holes, fertilising ingested seeds and making vegetation accessible to other species.

In terms of our metaphor, lions also have relationships although they tend to see their opposite numbers more like self-serving acquaintances. Team building in the pride is important for effective pack hunting. Cubs will be looked after, so long as they are effective predators. But friendship doesn't extend much beyond the family. After all, other prides are competitors chasing after the same food. And other species are either competitors or prey, or accomplices. When mixing does occur, it is usually brief and unemotional with survival in mind. For the lion, procreation is hardly a romantic affair – wham, bam and not even 'thank you, ma'am'. And as for relationships with other creatures, well, who can trust a lion? No matter how smoothly he purrs, there is always the chance of you being 'friend today, food tomorrow'.

In business, the dynamics have been the same. Companies have cultivated relationships only from pure self-interest – mostly with shareholders, financial analysts, customers and suppliers. And usually, these interactions have been a pure power play – wining and dining the influential few, while ignoring the rest or pressuring them into conformance. The idea of genuine dialogue with communities, NGOs and government for the sake of enduring symbiotic relationships, rather than as a short-term bargaining tactic, is still somewhat unpalatable for most companies. With their quarterly eye on the skittish profits, spending time and energy on building long term friendships without any immediate reward seems, well, a costly indulgence.

But the game is changing. To survive in the sustainability era, companies have to move beyond their aggressive, competitive tendencies. They need to learn to be not only sociable, but genuinely concerned about the perspectives and wellbeing of all of their stakeholders. Barry Nalebuff and Adam Brandenburger, in their book of the same title, call this transition *Co-opetition*, while David Wheeler and Maria Sillanpaa talk about *The Stakeholder Corporation* and Paul Hawken, Amory B. Lovins and L. Hunter Lovins about *Natural Capitalism*.

Companies ignore this friendly advice at their own peril. Stakeholders, if maltreated, can bite back and even the most macho multinational lions can find themselves bleeding. Already, the casualty list of high profile companies is long – BP, Dreamworks, Green Cross, Intel, McDonald's, Monsanto, Nike, Proctor & Gamble, Shell, Texaco and Walmart, to mention but a few. Encouragingly, however, the list of 'branded' stakeholder-oriented shapeshifters is also growing, including the likes of 3M, AT&T, Body Shop, Canon, Electrolux, Hewlett Packard, Levi Strauss, Reebok, Unilever, Volkswagen and Volvo.

Employees are such core stakeholders to business that transgressions on this front are almost unforgivable. Texaco found this out when a racism scandal in 1996 lost its shareholders more than \$1 billion in market capitalisation on the day the news broke and

ultimately cost the company \$115 million in a legal settlement of a suit filed on behalf of 1 400 employees. Likewise, Walmart and Nike sustained heavy reputational damage when they were caught employing cheap child labour in Third World countries. It didn't help Nike's public relations nightmare that it paid Michael Jordan \$20 million a year to endorse their products, while paying its Indonesian subcontractors annual wages of less than \$1 000.

A similar tale of employee neglect can be told about the asbestos mining industry. Companies like Turner & Newall (T&N) and Cape plc argued for years that the health risks to their workers were acceptable. The courts, however, are starting to side with former employees who are the victims of the occupational disease of asbestosis. T&N has already paid out more than £350 million over ten years to meet the claims of its former employees, and Cape plc recently reached a settlement agreement of £22 million to compensate the families of a group of former South African miners. One has to wonder whether other mining companies, as well as nuclear energy utilities and chemical companies, may suffer a similar fate in the elephant landscape of the future?

In contrast, Reebok, who has developed a reputation for taking a public stand on social issues, pledged to fight exploitative labour practices. It called on activists to alert it to any abuses that were occurring and began requesting all its vendors for certification that they are complying with codes of conduct, such as those of the International Labour Organisation. Levi Strauss has gone even further. In Bangladesh and Turkey, where children were working for contractors and providing their family's only source of income, Levi's actually paid the contractors to keep the children in school until they were 14. In areas where it felt it had less influence, like China, Levi's took the tough commercial decision to withdraw from the country until its human rights record improves.

In recognition of the importance of its employees, American telecommunications giant AT&T has introduced alternative measures of performance that include 'people value added', alongside 'customer value added' and 'economic value added'. Likewise, Swedish insurance company Skandia has begun to quantify its hidden assets by producing reports that place a financial value on its 'intellectual capital'. Meanwhile, Volkswagen is trying to balance the reliance on 'shareholder value' with the concept of 'workholder value'.

Customers are another major stakeholder group, which all companies swear they look after. But the evidence does not always agree. Take tobacco companies for instance, who at one point swore before Congress that they believed that cigarettes are not addictive. They are not so bold since the landmark court case in which Grady Carter was awarded \$750 000 in damages for the loss of a lung following cancer surgery. This was one of the first in a string of liability claims against tobacco companies in 1996, resulting in losses in share value of billions of dollars (the value of British American Tobacco suddenly dropped by £3 billion alone).

Banks also have a notoriously bad track record with customers by failing to provide financial services to those that need them the most – the poor and socially marginalized population. Yet banks like the Los Angeles Community Development Bank, the South

Shore Bank of Chicago, the Caja Labora in Spain, and the Grameen Bank in Bangladesh have shown that financial services can be made accessible to all customers, not just the lucrative 'high net worth' sector. Others, like the Cooperative Bank in the UK, VanCity in Vancouver, Citizens Bank in Tokyo and the Triodos Bank in Europe also show that customer's money can be made to 'work' for various sustainability causes, such as investing in community development and promoting renewable energy.

Suppliers are another key stakeholder group and proactive engagement with the supply chain is going to become critical for elephant companies of the future. Early adopters of this new reality were the Body Shop, the Cooperative Bank, Traidcraft and Ben & Jerry's. More recently, companies like Unilever, Sainsbury's, Volvo and Nortel have joined the party. Unilever, which sells several ranges of fish products, has adopted a WWF-developed international labelling scheme for sustainable fish production, whereby its suppliers all need to be certified by the Marine Stewardship Council. This is a sister organisation to the highly successful certification scheme of the Forest Stewardship Council.

UK retailer Sainsbury's is also starting to scrutinise supplier relationships, insisting on 'dolphin friendly' tuna, organic vegetables and no animal testing. In the car manufacturing sector, Volvo has added environmental care as the third of its core values that suppliers need to embrace, the other two being safety and quality. Telecommunications company, Nortel, emphasises partnerships with its suppliers in tackling the environmental impacts of its production chain. This 'shared savings' approach is being used to achieve a reduction in use of chemicals in Canada and minimization of waste in the UK.

The European Business Network for Social Cohesion is dedicated to walking gently as giants. The network, comprising a coalition of more than 300 businesses including household names like British Telecom, Philips and Kellogg's, was established in 1995 to counteract the negative impacts of the global economy. They are a forum devoting their time to finding creative solutions that will help to avert redundancies, encourage employee reskilling, facilitate the reintroduction of laid off employees into the workforce, and protect vulnerable economic groups. The UK's Business in the Community is a similar initiative.

Research by Harvard professors, John Kotter and James Heskett, confirms that taking care of stakeholders is good for the traditional bottom line as well. They compared the 11-year records of large, established companies that gave customers, employees and shareholders equal priorities with those that always put their shareholders first. It turned out that the more stakeholder-sensitive companies grew sales four times faster, created eight times as many jobs, improved the share price eightfold and experienced greater net income growth. In other words, shapeshifting from an elephant into a lion is not the same as being condemned to starvation. Elephants have a healthy appetite; they just aren't obsessed with food to the exclusion of everything and everyone else.

6.6 Communication: The rumble in the jungle

Lions don't communicate much except to roar to intimidate others or to purr with self-satisfaction. Likewise, modern companies have grown accustomed to speaking to

stakeholders only on a 'need to know' basis – telling whom they want, what they want, when they want. Usually, this 'strategic conversation' coincides with a time when the company needs something from its stakeholders, such as support (or the absence of visible protest) to proceed with a new development.

Elephant communication is quite different. It is more like dialogue: an ongoing, two way, interactive process which involves listening as much as talking, and includes non-verbal as well as verbal exchange. Elephant companies are far less opportunistic when it comes to communicating with stakeholders. The reason they enter into dialogue with their employees, or communities, or environmental NGOs, is the fact that these entities are interconnected in some way, be they interested in, concerned about, or affected by the company's operations.

Elephant companies believe that the time when something goes wrong, or when they are required to consult – as in an accident, or spill, or downsizing, or new project – is precisely the wrong time to begin communicating with stakeholders. By then, it is way too late. A symbiotic relationship already needs to be in place, one that has been nurtured over many years. To enable this 'getting to know you and trust you' process to bloom, there need to be all kinds of forums and feedback mechanisms that keep companies' finger on the pulse of stakeholders' issues and concerns. Attitude is also critical. Even having all the right communication tools may not be enough if these are only used to further preconceived company interests. Lions see stakeholders – whether labour unions or green activists – as whinging antelopes trying to curtail their appetite or cramp their hunting style. Hence, the feline communication strategy is usually to roar louder than the stakeholders and frighten them away or drown out the sound of their complaints. Failing this, other popular tactics are to ignore the stakeholders, discredit them, or hire a legal lion to hunt them down and eat them in the courts.

The elephant company's modus operandi is quite different, mainly because they believe that stakeholders actually have something valuable to say. In fact, the fresh perspective that the latter may bring could turn out to be a gift-wrapped opportunity. If they are saying that it is unacceptable to injure workers, or choke communities with pollution, or sell products that clog up the rivers, maybe that means that there is a market for safer, cleaner companies? After all, all stakeholders are customers too. Yet, it is not that stakeholders are always right and companies are always wrong. It's that companies and stakeholders are inextricable interconnected. Their destinies are so meshed together that there is no 'them' and 'us'. We are all one living system. And so long as we are all being honest and transparent about our objectives and opinions, working out the solutions to any dilemma – like the classic 'jobs versus environment' debate – becomes a cooperative effort among all stakeholders.

How different the actual world is! Often in the corporate sector's dealings with stakeholders, you feel you're in a crèche with babies babbling past each other or crying with frustration when nobody understands what they are trying to say. At one end of the table companies bawl out phrases like 'economic value added', 'gross margin on sales' and

'real return on capital employed', while at the other activist NGOs return the fusillade with terms like 'social justice', 'intergenerational equity' and 'ecological sustainability'. In the end, each baby is left stomping its feet or wailing its heart out.

Any adult will understand that the missing ingredient is a common language that begins to construct a common outlook. Concepts like the triple bottom line, internalising externalities, stakeholder accountability, corporate governance and sustainable development are early attempts to develop a vocabulary that everyone can understand. But they still sound like jargon that will all too soon become unfashionable and forgotten. That is why we suggest a healthy dose of getting back to basics. Let's start by calling things what they are. Companies either 'care' about their stakeholders or they simply 'use' them for their own selfish gain.

Infants soon learn the important concepts in life – sharing and being selfish, playing and fighting, hurting and helping, being nice and being spiteful, laughing and crying. And what we try to teach children is to be elephants, not lions. Becoming mature means learning that you can't always have things your way, and that harming others is unacceptable behaviour. The title Robert Fulham chose for his book, *Everything I Ever Needed To Know, I Learned In Kindergarten*, says it all. So why not make these ordinary, everyday terms the basic language of companies too? Are companies sharing or being selfish? Hurting or helping?

In the same vein, the ingredients of effective communication are good, basic common sense. Be open. Share information. Not just the good stuff, also the bad and the in-between. And not just the boring facts; also the hopes and dreams, the passions and emotions. Talk about the serious things (the so-called hard facts) when they need talking about. But don't forget to share the lighter moments as well. Very important – don't tell lies (or even bend the truth). But once there is a track record of honesty, trust what the other says. Also, create rituals for dialogue, spaces for talking and listening – the proverbial coffee table chat. Internally, make sure your environment, health and safety staff sing from the same hymn sheet as line management. So often, a chasm develops between the two, with the environmental brigade perceiving the production guys as unrepentant polluters while the latter view their opposite number as clueless do-gooders who know nothing about production realities, yet have a direct line into the CEO's ear. On the other hand, don't make communication so rigid that it all sounds like propaganda from a central source. Leave some latitude for personal opinions.

There are no shortage of lion companies who mistake 'telling' for 'dialogue' and have been getting backchat from angry stakeholders ever since. McDonald's and Shell have become celebrated examples. When Greenpeace activists published a pamphlet entitled *What's Wrong with McDonald's*, the company was quick to bear its fangs and lash out with its claws by instituting legal action. But McDonald's tough-guy approach bit back – the company found itself in court for 314 days with all its dirty washing being aired for the curious public to see. The resulting tide of discontent from disgruntled stakeholders spawned websites devoted entirely to McDonald's alleged sins on every possible subject.

Shell's fall out with stakeholders over its proposed sinking of the Brent Spar oil platform in the North Sea, as well as its alleged complicity in human rights abuses and environmental impacts in Nigeria, were a wake-up call of note for the company. Faced with widespread consumer boycotts and worldwide anti-Shell activist campaigns, the company was forced to re-examine seriously its old approach of doing business. It shapeshifted its strategy towards adopting the triple bottom line of sustainability and embarked on the most comprehensive stakeholder communication process ever attempted by a multinational. Their public relations effort, reportedly costing \$20 million a year, resulted in a programme of public reporting that is today considered by many to be the best in its class. In addition to disclosing a host of externally verified environmental data, they began to listen and share the feedback they were getting from stakeholders. For example, in their 2000 People, Planet & Profits report, they quote the input they have received from the United Nations Environment Programme, the World Resources Institute, the World Conservation Union, Harvard Business School and the Ethics Resource Centre.

In addition, they have gone further by recognising that public opinion is as important as 'expert' input. Their 2000 report is liberally sprinkled with quotes from individuals that have responded to the 'Tell Shell' campaign – the good, the bad and the ugly. Senior executives read and discuss these comments as an important indicator of people's feelings on issues of concern to Shell, industry and society at large. Shell is probably still some way off from regaining the trust of many of their stakeholders, but at least they have heard the 'rumble in the jungle' and started to embed the dialogue process into their business.

Fortunately, the next generation of elephant wannabes can learn from McDonald's and Shell's trial-by-fire. Or they can choose the easier route of following in the footsteps of the elephant pioneers that have gone before them. For instance, five years on, the Body Shop's 1997 Values Report still stands as a world class benchmark on measuring stakeholder accountability and disclosing stakeholder performance. Similarly, they can take inspiration from companies like Sbn Bank with their ethical accounting process, or Skandia with their Intellectual Capital report, or Electrolux with their environmental reports based on The Natural Step framework. There are also numerous do-it-yourself guides that have emerged in recent years. If taken seriously, for example, the Accountability 1000 standard on Social and Ethical Accounting, Auditing and Reporting and the Global Reporting Initiative's Sustainability Reporting Guidelines could take companies a long way down the road of stakeholder engagement. Beyond these basic frameworks, however, technology-enabled interactive stakeholder feedback and real-time public reporting on the web are already looming large on the horizon.

Stakeholder communication is one of those areas where many companies are going to be unveiled as lions all dressed up as elephants. The true test of authenticity will not be in the letter of the glossy brochure, but in the spirit of the dialogue. Stakeholders will refine their extrasensory perceptions and develop a sixth sense about which companies are hiding something or bluffing and which are genuinely trying to listen and address the real

concerns in good faith. Elephant companies will do what comes naturally – be friendly and caring and compassionate.

6.7 Services: The genius of Nature

Products and services will need to shapeshift radically in a sustainable world. It will no longer be acceptable or successful to follow the lion's approach of producing widgets and flogging them to a market brainwashed by advertising, whilst ignoring the damage they cause along the way. The new generation of elephant products and services will focus on adding value over their entire life cycle. In so doing, they will incorporate design characteristics inspired by the genius of Nature. In fact, as you will see later on in this section, many products will become obsolete as they are replaced by 'leased benefits' instead.

The life cycle approach is one of the rules of the game in an elephant economy. Under this approach, companies are accountable for their products and services from 'cradle to grave'. There are various manifestations of this new philosophy, including life cycle assessment (LCA), eco-efficiency, supply chain integrity and take-back schemes. LCA is an important tool that can assist companies to quantify the net impacts of their products and services, from raw material sourcing through to final disposal. Although LCA remains a complex and controversial methodology, standards such as ISO 14040-43 can serve as a useful guideline for the uninitiated.

Eco-efficiency is perhaps a less daunting way in which companies can begin to implement life cycle principles. The term was first used by the Basel-based researchers Schaltegger and Sturm in 1990. But the idea that actions preventing pollution and avoiding waste pay off financially pre-dated this by at least 15 years. For instance, the US-based consumer goods manufacturer 3M initiated its Pollution Prevention Pays (3P) program in 1975. In the first year, it achieved more than \$800 million in savings from 4 000 3P projects. Dow Chemicals launched a similar initiative called Waste Reduction Always Pays (WRAP).

In 1995, Ernst Ulrich von Weizsäcker, Amory Lovins and L. Hunter Lovins coined the term *Factor Four* in a book of the same title. The concept refers to doubling resource efficiency (put another way halving material intensity) and halving waste outputs, thereby effectively reducing the environmental impacts by a factor of four. Seen from a business perspective, this creates the capacity to increase production within a fixed constraint of resources and sinks. The authors cited numerous examples of Factor Four achievements and now others are even promoting the notion of Factor Ten. *Natural Capitalism* is required reading for understanding this exploding new discipline.

Another manifestation of life cycle principles is the increasing number of product take-back schemes that are being implemented either voluntarily or through legislation. As the word suggests, this involves companies taking back their products at the end of their useful life and either reusing, recycling or disposing of them. In the European Union, for example, five manufacturers – Motorola, Ericsson, Nokia, Alcatel and Panasonic – are

jointly implementing voluntary take-back schemes. Rank Xerox is another example: in 1995 alone, the company recovered 80 000 (two thirds) of the photocopiers disposed of in Western Europe, with savings on virgin raw materials exceeding £50 million and the avoidance of disposal costs for over 7 000 tons of material.

One company that has taken the life cycle principles to their natural conclusion is US carpet manufacturer Interface whose inspiring leader, Ray Anderson, was introduced earlier in the book. Central to Anderson's vision of Interface as a 'restorative company' was the concept of the Evergreen Lease, converting the carpet as a product of material into a product of service. Now known as Evergreen Service Contracts, the programme gives clients the option to lease the services (functionality, colour, design, aesthetics) of a modular carpet system, without taking ownership or liability for ongoing maintenance and the ultimate removal for reclamation or recycling at the end of the carpet's useful life. Anderson was able to re-define Interface from being a carpet manufacturer into a provider of sustainable floor-covering services. Surely this product leasing approach is a glimpse of the future?

This leads us on to the emerging discipline of supply chain integrity. While eco-efficiency, take-back schemes and product leasing are mainly aimed at the environmental elements of life cycle accountability, supply chain integrity auditing begins to address social impacts as well. Companies like the Body Shop and Traidcraft pioneered the idea of checking the ethical practices of their suppliers and actively engaging in fair trade practices. Following their embarrassing episode of being implicated in using sweatshops, even Nike got the message and began to do audits on labour practices in its factories worldwide. In the elephant landscape of the future, scrutiny up and down the supply chain is going to become standard operating procedure.

So these are some tools and techniques that will be useful in shapeshifting products and services. However, the biggest shapeshift probably has less to do with new methods or models, and more to do with inspiration. That is the potential for products and services to be inspired by the genius of Nature. Nature is the ultimate benchmark for a service-oriented system. Every ecological process is highly tuned to the needs of its benefactors, and every species is intimately aware of its connectivity and is constantly adapting to the conditions of its environment. Every detail of the universe, from the macro cosmic to the micro sub-atomic levels, embodies incredible feats of intelligent design.

There are efficiencies in Nature that are only dreamed about by today's industrial engineers. Nature offers a multitude of lessons for business and an endless supply of inspirational design features for products and services. Already, today's eco-engineers are making design breakthroughs by studying termite hills and prairie dog burrows for improving air-conditioning systems; sharks and owls for cutting down noise pollution from aeroplanes; wasp nests for more robust urban design and construction; octopuses and butterflies for dynamic camouflage technology; leaves for photosynthetic solar energy cells; and lobsters for more mobile extraterrestrial exploration vehicles. The possibilities are endless.

Elephants themselves are a prime example of intelligent design. Their trunks are an inspiration for multi-functionality, serving as hand, nose, mouth, voice and radar all in one. Their ears can detect infrasound as low as 14 Hertz and are a highly effective air-conditioning mechanism as well. Their tusks are used for digging, stripping bark and self-defence. Their feet are padded and cushioned to create unbelievable stealth and agility. And their vast wrinkled skin protects them against the ravages of sun, rain, snow and parasites.

Importantly, nature-inspired products and services are usually oriented towards the triple bottom line. It goes without saying that, in Nature, ecological integrity is an inbuilt system condition because every output is an input; waste equals food. However, social harmony is also inherent in maintaining viable ecosystems as Nature relies on symbiotic relationships of mutual interdependence. In addition, due to the efficiencies that Nature has refined over billions of years, its designs are more likely than not to minimise resource consumption and turn waste into by-products. Once again, we are re-emphasising the need to search for new images and metaphors to serve as positive visions of the future. It is clear that we need to shapeshift beyond the Industrial Age which has anyway been a dated symbol for the past four decades. And, while most would agree that we are well into the Information Age which has the potential to usher in the elephant world of interconnectivity, some are already looking beyond it.

American futurist, Hazel Henderson, is tickling the ivories with a new and catchy tune from the sidelines. "The Information Age is no longer an adequate image of the present, let alone a guide to the future," she says. "It still focuses on hardware technologies, mass production and economic models of efficiency and competition, and is more an extension of industrial ideas and methods than a new stage in human development." Henderson points to a growing realisation by humanity of its dependence on Nature, and more precisely, on light from the sun. Beyond the mushrooming ecological movement and the call for sustainable development, she draws support for her theory from the recent phenomenal growth in leading edge technologies that do nothing more than attempt to mimic the genius of Nature. Examples of these include artificial intelligence technologies, biotechnologies, energy technologies, and lightwave technologies / phototronics. Reflecting on these developments, Henderson talks about a "repatting of the exploding Information Age into an emerging Age of Light."

Which metaphor endures in the next 50 years is not so important as the fact that its basic characteristics will reshape the way that companies do business. What is clear to us is that the landscape of our future will be vastly different from the present, and that the ability to understand the complex web of relationships that are woven around and within companies will be critical to surviving and thriving. This is something that will be impossible to achieve if business clings to its self-centred, 'drive into the future by looking into the rear-view mirror' approach. The metamorphosis will necessarily require business to assume a more open, compassionate and intuitive identity. This is what corporate responsibility ultimately means: the ability to respond to the needs of stakeholders, to the

limits of the Earth, to the impacts of business processes on others, and to the magical potential that is inherent in people and Nature.