

*In a guide for decision-makers, the principles articulated in these case studies reveal the circumstances in which sustainable and profitable are complementary—rather than conflicting—ideals.*



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# Getting the Balance Right: Five Guidelines for Sustainable Practice

by Carl Alviani and Nels Gabbert

Sustainable practice in business is often presented as an expensive and difficult add-on—an awkward weight that juts off to the side of a company’s main functions of improving efficiency and customer satisfaction. The phrase “balance sustainability with profit” implies a zero-sum game, in which revenue must be sacrificed to appease the demands of regulation and public perception.

For some industries, this tradeoff is very real. Many kinds of nonrenew-

able resource extraction, for example, are inherently unsustainable, so regulation and public pressure concern themselves with limiting where and how much these businesses can operate, and encouraging them to diversify into other fields. For many other industries, though, the time is rapidly approaching when the balance between sustainability and profit becomes no balance at all.

Many sustainability initiatives overlap neatly with business goals—

notably those that reduce impact by improving energy and material efficiencies. But from a design perspective, the most convincing argument for a good corporate responsibility track record is that it has become an essential part of brand-building. Strong brands encourage loyalty because they resonate with consumers’ values and stay consistent across multiple touch-points. As with the character of an individual, consistency is crucial to a brand’s trustworthi-

ness. A friend whose behavior varies widely from one situation to the next is unlikely to earn the trust of others; a brand that makes efforts toward sustainability in one area but counters them in another alienates consumers. There are thousands of ways to behave more responsibly, so the true challenge lies in acting on those that reinforce a company's existing brand.

Unlike many other brand strategies, environmental stewardship and social responsibility are inherently long-term. A consumer may be drawn to a particular design aesthetic or a cutting-edge technology, but these are expressions of preference and taste, not ethics. Failing to deliver on an established aesthetic is a forgivable lapse, but failing to follow through on a commitment to sustainability can be perceived as disingenuous or even malicious. For this reason, it is crucial that businesses avoid viewing sustainability as a quick way to convince consumers to spend more on their stuff. True, there are customers who will snap up anything with a "green" label on it, but such behavior is fickle and short-lived. Because of its currency, the subject of sustainability tends to breed skepticism, and to encourage consumers to actively distinguish be-

tween genuine corporate efforts and opportunistic ones.

Our hometown of Portland, Oregon, has more than its share of companies that combine sustainability with financial success, to the point that the city's identity is solidly linked to environmental sensitivity. Deeper investigation of three of

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these companies—Leatherman Tool Group, Steven Smith Teamaker, and Gamblin Artists Colors—reveals that there is a balance to be struck, but instead of profit versus sustainability, the qualities that need balancing are effectiveness and appropriateness. From this investigation, we've identified five key insights to pursuing responsible business practices that work and make sense, from these very different firms.

#### ***Work from the inside out***

If sustainability is taken as a design challenge, then the fundamental directive is to make sure it takes an appropriate form. In the modern consumer landscape, grabbing a popular label (organic, green, recycled content,

etc.) and attaching it to an existing brand poses some very real dangers of public perception. The most successful way for a business to counter this is to build from its existing values.

Leatherman Tool Group has been making multi-tools and other utility and outdoor gear at its Portland factory since 1983. The company's website makes good use of this association, dedicating an entire page, called "Oregon Proud," to the virtues of its home city and state. It also describes Leatherman as "a company of campers, hunters, fishing fanatics, spelunkers, mountain bikers, boaters, skiers, snowshoers, and participants in pretty much anything that's fun to do outside."

Leatherman's internal sustainability task group is a little more than a year old, and sprang directly from the wishes of these outdoor-friendly employees. The Leatherman Environmental Sustainability Solutions (LESS) group is a voluntary entity, created in response to "a number of suggestions from within the company," according to its director Meei Lum. "We're all outdoorsy folks," she says, "so paying attention to that is part of our everyday approach." The plant itself was relocated in 1992 to a site on the edge of the Columbia

Slough, a waterway that feeds into a large protected wetland, so Leatherman has been dealing with issues of wastewater management and interacting with the City of Portland's environmental regulators for nearly two decades. When LESS was formed, this well-developed awareness led them directly to goals of waste stream and material use reduction, and provided a ready team of internal advocates: the employees who helped found the group in the first place. Lum reports that worker compliance with new recycling policies has been excellent, largely due to the personal commitment and efforts of these advocates.

Gamblin Artists Colors speaks glowingly of core values in its literature and online presence, as well, but rather than outdoor pursuits, they focus on art—oil painting, in particular. The founder, Robert Gamblin, started the company in the mid '80s with the specific goal of creating vividly colored oil paints without the use of toxic metals like lead and arsenic, and reducing the need for solvents. Initially seen as a way to make oil paints safer to use for artists who spend hours at a time with them, this low-toxicity commitment is a half-step away from several environmental and social responsibility initiatives. These can be pursued in a way that

reinforces Gamblin's existing brand.

Steven Smith Teamaker also benefits from an inherently pro-environment workforce ("Half our employees bike to work," claims the founder, Steven Smith, "because... well, it's Portland."), though with a pocket-size factory floor that uses a tiny fraction of the energy or materials of Leatherman or Gamblin, there are fewer opportunities for reducing environmental impact in-house. More important to Smith's sustainability efforts is the dedication to high-quality tea that the staff shares, and their deep familiarity with its production and processing. Over the course of a 45-minute interview, Smith spoke several times of working to "minimize miles on the tea"—that is, reducing how much the tea gets shipped around before purchase, in order to



Smith Teas' pared-down aesthetic reflects a conscious attempt to simplify the packaging process, but the elegant end result has strong visual appeal for its target consumer.

offer a fresher product to consumers and, almost incidentally, to reduce its carbon footprint. Pursuing both these aims has prompted the company to establish direct relationships with tea gardens in India and China, rather than buy from third-party resellers.

### *Sustainable is not just environmental policy*

Another point on which all three businesses agree is that the traditional definition of sustainable still counts. In its most literal sense, sustainability simply means adopting practices that can be continued over a long period of time, both financially and holistically. "At the very top of the sustainability pyramid," says Smith, "is keeping the lights on, and making payroll." Gamblin's decision in the '80s to limit the number of colors it offers, and instead encourage artists to mix their own, has caused it to miss some short-term sales opportunities, but the reduced inventory costs that resulted have actually saved them money in the long run, in addition to reducing their carbon footprint.

Lum echoes these sentiments, explaining that every initiative Leatherman undertakes "has to make economic sense." Fortunately, most of them do, but not by accident. When asked to name the most important step in implementing materials

reduction or recycling programs, she repeatedly mentions numbers. “You have to spend time with it, really understanding what kind of waste you have, where it goes, what it costs. You have to make pie charts and run the numbers.”

Waste haulage, which Leatherman once assumed to be just another inflexible bill, turned out on closer examination to be susceptible to reduction through greater efficiencies and recycling credits. Even better, the factory realized it was throwing out so much clean cardboard that simply taking greater care in bundling and redirecting it resulted in a new revenue stream from recyclers, who view it as raw material. “We actually get checks back now,” states Lum.

Asked to define sustainability, Gamblin’s president Pete Cole de-

scribes it as nothing more than good business practice viewed over a longer time frame. “We genuinely intend to be doing what we are doing 100 to 200 years from now,” he continues.

“To do that, we’ve got to operate in a way that is sustainable.... The brand must be sustained, we must financially sustain ourselves, and we must take care of our people—painters, retail partners, and employees.” Viewed through this lens, an altruistic approach to environmentalism seems to almost miss the point—of course sustainability is good business. The alternative is eventual collapse.

#### *Look at the whole process*

To businesses unfamiliar with the landscape, an obvious first step toward a more responsible brand perception might be to court one of

the prominent licensing organizations that promote responsible business practice. Labels such as organic, equal exchange, and fair trade enjoy excellent recognition, and take much of the guesswork out of sustainable practice through clearly stated requirements and review procedures. As more companies take this route, however, such certifications are viewed with increasing skepticism by the consumer public, particularly among those who make sustainability a top priority in assigning brand loyalties.

Doing the minimum necessary to achieve an organic or fair trade label regardless of its actual benefit bears a strong resemblance to greenwashing, and runs the risk of brand dilution or confusion. Packaged food companies, such as Kellogg and Frito-Lay, have encountered doubtful reactions when rolling out organic versions of existing products (see Kim Severson’s thoughtful 2007 *New York Times* article “Be It Ever So Homespun, There’s Nothing Like Spin”), and with good reason: there’s little about their existing brands that would seem to embrace organic agriculture.

Despite the lack of a certified organic label on its packaging, the majority of the tea that Steven Smith handles is produced without the use of chemical fertilizers or herbicides. The production of tea in India and



Leatherman counts contractor Waste Management among its most useful resources in designing and implementing waste stream reduction efforts.

much of China, Smith explains, is traditionally done without such practices, yet very few tea gardens are certified organic due to the difficulty and relatively high cost of certification, especially in poorer countries. Rather than insist on working with the small fraction of suppliers who have achieved and maintained this rating, the company sends an employee—often Smith himself—to visit the gardens.

On-site, Smith evaluates business practices, paying attention to sustainability in the broadest sense. This means looking for signs of fertilizer and other chemical use, but also paying attention to how well the soil is maintained, how water use is managed, how employees are treated and compensated, the relationship between the garden and the local community, and anything else that might affect its ability to continue operating in its current fashion for the next several decades. This common-sense approach to sustainable practices offers something that simply selecting an organic supplier cannot—familiarity with the process. Like Leatherman running the numbers on their recycling program, Smith has found that intimate knowledge of production methods makes for more-effective efforts, as well as credible and detailed answers when they are scrutinized by

consumers or watchdog groups.

### ***Leverage your vendors' expertise***

Spending time listening to suppliers and vendors can also be an excellent way to plan next steps. In his earlier role as founder of Tazo Tea (also a Portland-based company), Smith recalls a long-term development project the company pursued in conjunction with nonprofit aid agency Mercy Corps. The two organizations collaborated with around 30 villages in tea- and cardamom-growing areas of India and Guatemala to improve water supplies, roads, and other infrastructure systems. Because they had already built strong relationships with the suppliers, they were able to act efficiently and effectively, improving the long-term sustainability of the gardens, as well as the quality of life for more than 30,000 people. Much of the credit for these efforts' success, Smith points out, goes to the suppliers themselves and to each village's residents, who were able to identify the best targets for development and keep a close eye on their progress.

Closer to home, Lum points out that Leatherman's employees are only partly responsible for the success of their recycling efforts. Just as much, if not more, of the credit goes to Waste Management, the contractor responsible for hauling the factory's

waste. "The recycling, the hauling, they co-mingled; they've done it all before," she explains. "Whenever we were trying to figure out how to sort or separate more efficiently, or reduce our waste stream, they usually had a suggestion... and it was almost always right." The City of Portland also provided expert reviews, which Lum calls invaluable in quickly showing LESS the best ways to run their programs. In sustainability, as in design, much of a project's success lies in determining which tasks are best completed in-house, and which ones should be left to outside experts.

### ***A good story is better than a loud statement***

An interesting footnote to Smith's story about Tazo's collaboration with Mercy Corps is how little publicity it initially received. "Instead of saying, 'These are the things we're going to do,' we kept our mouths shut and, when we were asked, were able to say, 'These are the things we've been doing for the past several years.'" This may seem like a tremendous missed opportunity for some great PR, but Smith insists it is the right strategy in the long run.

Specialty tea, like most niche industries, counts some discerning, inquisitive folks among its target market. Having himself learned about

issues of genetically modified (GMO) packaging material from a concerned caller in the UK, Smith acknowledges that many brands “get [dragged] in involuntarily by their consumers and realize they have to do something.”

Those same consumers are also quick to pick apart any proclamation a brand loudly makes about something it’s going to do, especially if it has a dollar amount attached to it. Announcing action that is going to happen can raise questions about why it hasn’t been happening all along, and stating its value in dollars invites comparisons to a company’s other expenditures. If a company announces a development project that costs one-tenth what its most recent ad campaign did, it can quickly go from a marketing asset to a liability. Far better, Smith suggests, is to find initiatives that make sense for the company, the product, and the planet, so that when consumers ask why there’s no certified organic seal on the package—“And they will ask!” he assures—there’s a credible, detailed response at the ready.

This approach, of building a strong story that can be told to consumers after the fact, works in many situations. Gamblin Paint’s most resonant environmental initiative is actually a fairly small one, based around, of all things, the air filters in

its factory. Gamblin Torrit Grey is an oil paint made from pigment particles trapped by the factory’s Torrit filtration system while it scrubs the air—a clever solution to a mundane waste disposal problem. It’s also a solution that creates a number of story opportunities. Tubes of Torrit Grey are distributed free to artists at the beginning of each year, stamped with the vintage of their release. “The mix of pigments is different every year,” explains Gamblin’s website, “so Torrit Grey is unique and will never be repeated.” Gamblin also sponsors an annual Torrit Grey Painting Competition, and posts the submissions online. By consistently associating the product and the marketing efforts around it with the filtration system,



Gamblin Torrit Grey is made of manufacturing waste, a fact reinforced by its name, which references the factory’s air filtration system.

they are making a statement about environmental values that is both humble and hard to refute.

You might be justified in thinking this all sounds a bit precious and gimmicky, but you’d immediately feel bad for having thought so, because the story is based on something real. A filtration system does in fact make the working environment safer, and turning the dust it collects into paint is a far better fate than flushing it into a river or landfill. More to the point, it’s a story about something the company has already done, not what it is going to do, and it invites consumers to take part.

Stories like these expose the real power of corporate responsibility efforts in branding. Brands are simply a directed way to let consumers tell themselves stories about the kinds of people they are, based on the things they pay for. As more consumers desire to tell themselves that they care for their environment and fellow humans, they put more effort into finding brands that fit that story. And increasingly, they put just as much effort into making sure that story is genuine. In a marketplace like this, businesses that can tell such stories help to sustain the environment, but equally important, they sustain commercial success. ■

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