Vision, mission, values: Guideposts to sustainability

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Over 75 percent of executives worldwide say they believe that sustainability is important to the financial success of their companies but, as of 2010, only around 30—40 percent are taking serious steps to embed it into their business practices. Why the significant gap? One reason is that many companies don’t have a clear or agreed to view on sustainability. Some define it narrowly with regard to environmental performance: their greenhouse gas emissions, energy use, waste management, and the like. Interestingly, those that take it seriously typically have a more expansive and integrative perspective that links environmental, societal and governance (ESG) responsibilities together into an overall sustainability agenda (sometimes joined under the names of corporate responsibility, social responsibility, or corporate citizenship).

A second reason for the gap is that there is no alignment across the business on who is responsible for environmental, social, and governance issues or agreement on how to handle them. For example, are concerns raised about the wages, working, and living conditions of contract employees in a remote supply chain a human resource (HR) or corporate social responsibility (CSR) matter? Shouldn’t the health, safety, and environmental people be involved, too, because of questions about the safety of factories and cleanliness of water in the nearby community? And what about the legal department to ensure compliance with industry codes? At this point, individual staff units are often overwhelmed by the interrelated issues, opportunities, and threats and the majority of companies have no policies or the silo-busting machinery in place to pull together a coordinated response.

A third reason for the gap is that many companies simply don’t make a strong commitment to sustainability. As a result, competing priorities intervene; short-term profit pressures supersede good intentions; and sustainability efforts slow down, are marginalized, or are limited to a few “quick wins” with little more to follow. As one executive we talked to explained it, “We have lots of initiatives, programs, and such, but CSR (his company’s term of reference) has not been ‘interiorized’ in our business.”

Most would agree that credible CEO (chief executive officer) leadership and appropriate organizational infrastructure would help to reduce each of these gaps. But behind them we believe are more foundational considerations: how sustainability (and/or CSR) features in a company’s vision, mission, and values.

VISION, MISSION, AND VALUES

For those who lived through or are reaping the legacy of the total quality movement, and for those who read or implemented the precepts of In Search of Excellence or The Fifth Discipline, the idea that companies should pay attention to vision, mission, and values may seem “old hat” or, worse, a “been there, done that” exercise. Yet we have found that many of the sustainability leaders (the companies studied here plus Novo Nordisk, Nestlé S.A., Interface Carpets, Dow Chemical Co., Telefónica, and others) today have repurposed themselves by attending to these foundational matters. Take a moment with each of the components.

For present purposes, a vision articulates a desired future for a company. On paper, of course, this often reduces to sloganeering: Be the Industry Leader, #1 or #2 in Our Markets, Simply the Best, and so on. But in its detailing, a vision provides an intellectual framework for company strategy: it defines a strategic direction and presents a conceptual map of how a company moves from its current reality to a desired future state. A vision is also a motivational driver. Jim Collins and Jerry Porras, for instance, document how top companies use a BHAG (big hairy audacious goal) to make their vision tangible and emotionally energizing.

Mission has to do with the purpose of a company. When one of us began working with Ben & Jerry’s in the mid-1980s, the company’s guiding framework was to “have fun” (Jerry) and
"give back to the community" (Ben). While appealing, this frame provided scant guidance of how to respond to quality problems and financial pressures. Nor did it forestall conflicts over the company’s image and positioning in select product and social investments (Peace Pops). Through a series of retreats, first with members of the board, then management, all B&J leaders spoke to their personal views of what the company was all about. Employees chimed in at all-staff meetings. There was within B&J’s a sharp divide over the ice cream maker’s communal versus commercial emphasis. One influential board member drafted a “three-part” statement that detailed the firm’s economic, social, and quality missions, all to be considered equally under the rubric of “linked prosperity.” This was debated by board members and managers and then adopted as the company’s mission. John Elkington, who later conducted B&J’s first social audit in 1992, saw this as anticipating the “TriPle Bottom Line.”

Finally, research finds that individual values are a driving force behind personal responsibility; is the same true for corporate values and responsibility? A Booz Allen Hamilton/Aspen Institute survey found that 89 percent of companies surveyed globally possess written values statements. Note, however, that Enron Corp. and Lehman Brothers Holdings Inc. had salutary value statements and engaged in the flagging and fraud that led to financial crises bookending this past decade. Aren’t value statements simply window dressing? Much depends on how the values are developed and lived through a firm. In their studies of companies Built to Last, for instance, Collins and Porras find that successful firms “don’t merely declare their ideology, they take steps to make the ideology pervasive throughout the organization and transcend any individual leader.” In SuperCorps, Rosabeth Moss Kanter finds, “Vanguard companies go beyond the lists of values posted on walls and Web sites by using their codified set of values and principles as a strategic guidance system.”

Pulling these ideas together, Peter Senge combines vision, mission, and values into a set of “governing ideas” for a business; we adapt them for companies as follows:

1. Vision is the “What:’ the picture of the future we seek to create.
2. Mission is the “Why:’ the organization’s answer to why we exist (purpose).
3. Values are the “How:’ how we act to achieve our vision.

The question at hand is to what extent these governing ideas can extend to sustainability and serve to position, direct, and guide a firm forward along this path. Three hands-on case studies illustrate their potential to do so.

**GE’S ECOMAGINATION VISION**

To illustrate how these governing ideas are put into practice, take the case of Jeff Immelt, CEO of General Electric, who launched aggressive moves toward “green technology” in 2002 with GE’s ecomagination campaign. In our interview at GE headquarters, he explained his personal motivations:

One of my passions was to see if you could really build a great and a good company. That has just been a pervasive thought I’ve had for most of my working life. I think people who run companies have to have their own kind of inner core belief about what they want to see done. I want to see if you can be an ultra-competitive company and still one that has compassion. I may be wrong, but we’re going to find out.

Under Immelt, GE is being transformed from the Jack Welch-era finance-based firm back into the innovation-driven company envisioned by its founder Thomas A. Edison. GE’s repurposing has been most visible the past eight years in its doubling of R&D (research and development) spending on environmentally friendly technologies, the hiring of thousands of Ph.D.s, new research projects in the fields of nanotechnology, hydrogen power, photobatteries and such, plus new laboratories in Munich, Shanghai, and Bangalore. These are not all new business lines for GE, but what is new is that GE is basing its growth strategy on greening them.

One method involved bringing the outside in, engaging not only customers but also a full range of corporate stakeholders in conversations about how to connect the company to their interests in society. Before launching its green strategy, GE invited stakeholders to two-day “dreaming sessions” where they envisioned life in 2015 and what they would want from GE. The combination of high-energy prices and expected limits on greenhouse gas emissions, plus booming energy demand from Asian economies and consumer preferences for cleaner technology, translated into a spectacular business opportunity for GE. The company expanded its stakeholder engagements from 2006 through 2010 in major cities around the globe.

Although strategic visioning may have led GE’s drive toward sustainability, its mission, vision, and practices were in alignment. A closer look reveals that, besides greening, GE has reformulated its code of conduct, revamped its corporate governance structure, redefined its community involvement strategy, increased its transparency, made public its political contributions, and still remained highly profitable. Of course this transformation has not been without missteps, examples of misconduct, and a few dips in quarterly earnings that led some to call for Immelt’s ouster. How does he answer his critics on Wall Street? “I think you can run good businesses, but also solve big problems. Typically profits are created by businesses that are doing things that ultimately have real societal benefits.”

Lest this be passed off as just another example of a CEO doing the “vision thing,” pay attention to two aspects of GE’s moves toward sustainability. The first concerns the scale and scope of its ambitions. Immelt explains, “The last twenty-five years were about the development of information technology. My belief is that the next twenty-five years are going to be about technology and the economics of scarcity. How you get more health care into people’s hands. How you get more energy into the system.” Today GE is a leader in multiple partnerships to reduce greenhouse gas emissions and improve energy efficiency and has taken, to the dismay of some of its biggest customers and the U.S. Chamber of Commerce, a strong public stand in favor of carbon trading.

A second aspect of its progress concerns outreach and inclusiveness. Customers and other stakeholders worked with GE employees in every step along its way toward sustainability. GE also established an Ecomagination Advisory Council, of six to eight members, from NGOs, think tanks, and academe (e.g., Pew Center on Global Climate Change, Cli-
Unilever’s Vitality Mission

By almost any criterion or measure, Unilever qualifies as a “good” company. Its consumers know the global company through its home-and-personal-care brands such as Dove, Lifebuoy, Sunsilk, and Vaseline, or when sipping Lipton teas or preparing Knorr foods. Unilever is also well known for its historic commitment for employees and communities, for its environmental practices, and for its efforts to promote human welfare in developing countries.

A few years ago, Unilever scanned its world and reconsidered its role in society. Over 200 executives discussed and analyzed the trend toward fair trade products, problems of obesity and malnutrition, the company’s impact on air-and-water, and the like. This stimulated heated debate about the moral responsibilities of corporations versus the moral hazard posed by using shareholders’ monies to address the world’s problems. Then one executive made this breakthrough comment about Unilever’s responsibilities: “It’s who we are. And the way we do business... It’s in our genes.”

Unilever’s historic commitment to society traces to its founder, William Hesketh Lever, who, in the late 1800s, created a company village offering housing to workers at reasonable rents and introduced the then-unheard-of eight-hour workday, sickness benefits, holiday pay, and pensions for both male and female employees. The challenge, as one executive put it, was “to take Lever’s heritage and move it into the new world.”

Many of the themes raised in the scan of Unilever’s world, such as increased scrutiny of corporations, NGO activism, global warming, rich—poor gaps, new consumer trends, and myriad other threats to a firm’s “license to operate,” are familiar to any global business. Two were specifically material to Unilever. The first concerned its access to and use of natural resources. As an example, over two-thirds of the company’s raw materials come from agriculture. At a four percent growth rate, that would mean the company would use, over five years, 20 percent more raw material. That would translate, in turn, into 20 percent more pesticides on farms, 20 percent more packaging and associated waste and litter, 20 percent more water needed to grow crops, and 20 percent more water used by consumers to cook, wash, or clean with company products. The issues? Most of the company’s growth is expected from developing and emerging (D&E) markets in Asia, Africa, and South America where there are growing water shortages and concerns over water contamination, plus environmental costs associated with transport, waste, and the like.

A second set of threats involves consumption. Obesity, as one example, is widespread in the United States and Europe and growing in India, China, and elsewhere. As a result, type II diabetes is projected to reach pandemic proportions, from roughly 180 million cases today to 370 million by 2030. At the same time, public attitudes have shifted dramatically about the “causes” of obesity. An analysis of New York Times articles on obesity found that in 1990 some 84 percent of the stories stressed that obesity was caused by individual eating-and-exercise habits and only 14 percent attributed causation to the environment. Some thirteen years later, by comparison, personal causes were emphasized in 54 percent of the articles while 46 percent cited environmental causes, a threefold increase.

The chief culprits, processed-food purveyors, fast-food franchises, and soft-drink makers, have been targeted as proffering what some term the “new tobacco.” Needless to say, this technically termed problem of “over-nutrition” is very relevant for Unilever (with sugar, saturated fats, trans-fats, and the like in its food brands, mayonnaise and salad dressing, ice cream, etc.). It applies to everything from ingredients and their processing to advertising and promotions. And then there are the problems of “under-nutrition” in poor parts of India, Southeast Asia, and Africa, where fortified foods could be a godsend.

But these issues also provide business opportunities for Unilever. There is a growing move worldwide toward healthy and sustainable consumption. This is reflected in preferences for organic foods and clothing (a market growing 20 percent annually), for fair trade coffee and chocolate (over 70 percent annually), and for local sourcing of agricultural produce. There is also a trend toward “ethical” consumerism, as evidenced by an increase in cause-related products, as well as interest, particularly among young people, in a brand’s connection to social responsibility.

The Unilever research team found that the company had a plethora of sustainability initiatives but no consistent strategic thrust behind them. “Too many unaligned programs and messages,” reported one leader. This is common to many companies that have “islands of excellence” throughout the firm, but not much that pulls them together. Many spoke of the need for a “common denominator” or a “framework,” and urged: “We need everybody thinking about this.”

Unilever had developed a new corporate brand identity that would integrate its home-and-personal-care and food-and-beverage businesses beneath a corporate umbrella. The new corporate mission would be: “To add vitality to life by meeting everyday needs for nutrition, hygiene, and personal-care brands that help people feel good, look good, and get more out of life.” In recognition of Unilever’s historic commitment to and contemporary strengths in its relationships to society, it was proposed that the company reinvent its CSR thrust through its new vitality mission, in messaging and deeds. In a contentious move, the decision was made to put Unilever’s new logo on product packaging, and let consumers know the corporation behind the brands they selected in the marketplace.

One of the first orders of business for Unilever was to be more proactive on issues around nutrition: Some 25,000 recipes were put through a nutrition profile model and sub-
sequentially reformulated to reduce trans fat, saturated fats, sugar, and salts, amounting to over 30,000 tons worth in three years, according to the latest company reports. In addition, the company began to put a “Healthy Choices” logo on products (e.g., “I can’t believe it’s not butter!”) to help consumers identify foods that have limited amounts of these ingredients. On the market face of sustainability, Unilever’s fish products began to display a certification from the Marine Stewardship Council, co-founded by Unilever and the World Wildlife Fund, which assures consumers that the fish comes from sustainable fisheries; in addition, the company asked Rainforest Alliance to certify the sustainability of its tea plantations and products (e.g., Lipton).

On the growth side, Unilever, like nearly all consumer goods companies, has found its markets saturated in the U.S. and Europe. The lion’s share of its future growth comes from D&E markets. Unilever’s track record as a responsible company in those markets had given it a license to grow. Its new approach is aimed to unlock markets and serve pressing human needs. Its strategies include the sale of iodized salt in India and parts of Africa, which addresses a dietary deficiency common among the poor, and a campaign for hand washing in India, where its Lifebuoy soap aims to reduce diarrheal disease. In each instance, the company devised new local supply chains to make products more affordable, and developed distribution channels that turned underprivileged women into village-level entrepreneurs. These investments exemplify growing interest in and the payoff of investing in the “base of the pyramid” around the world.

In addition, Unilever began looking to add social and health content to growing numbers of global brands. It launched, for example, an inner beauty campaign for Dove Soap. Company research found that just 12 percent of women are very satisfied with their physical attractiveness; 68 percent strongly agree that the media sets an unrealistic standard of beauty; and 75 percent wish the media did a better job of portraying the diversity of women’s physical attractiveness, including size and shape, across all ages. Dove’s public message about inner beauty has been conveyed through advertisements showing “real women have curves” and a film that shows how fashion model images are distorted to conform to an idealized but unattainable type. It is carried to schools around the world in a complementary program to promote young women’s self-esteem.

On the beverage side, the company introduced new tea products (red teas and infusions) that feature antioxidant benefits and at the same time dramatically reduced the sugar content of iced tea. It also has on offer a new smoothie beverage made from concentrated vegetables and fruit juices. And on the food side, in partnership with UNICEF, it launched a “kid’s nutrition” campaign that includes research into the impact of saturated fats on children’s physical and mental performance, conferences on improving youth eating patterns and preferences, and development of healthy breakfast foods aimed at fortifying the diet of poor kids.

This case vividly illustrates how rediscovering its roots can guide the repurposing of a company. Note, as well, the collective involvement of people around the world in fact-finding and formulating action plans, a process led by Tex Gunning, then CEO of the Asian foods business. Unilever’s vitality mission, coupled with its global vision and legacy of caring values, gives its people an ennobling purpose above and beyond the business of profit making.

IBM: INNOVATION THAT MATTERS, FOR OUR COMPANY AND THE WORLD

IBM repurposed itself by restructuring its business and then focusing on breathing new life into its corporate culture. The problem in IBM was that its values went south along with its business fortunes in the late 1980s into the early 1990s. Internal groups competed with one another over access to capital and markets. Commitments to career plans, program funding, and new ventures were routinely broken. The jape inside the company was that IBM stood for “I’ve Been Mis-led.” In the mid-1990s, Louis Gerstner transformed the company from a hardware manufacturer to service business by closing down its PC and software lines and acquiring Lotus technologies and the consulting arm of PwC. Sam Palmisano, his successor in 2002, focused on rebuilding IBM’s culture and reviving its values.

This culture thrust began with an online conversation that had tens of thousands of IBMers participate in brainstorming, debate, and follow-up planning on the direction of the company. Two years later the company held a “values jam” that involved 72 hours of dialogue that established three IBM core values: dedication to every client’s success; innovation that matters, for the company and the world; and trust and personal responsibility in all relationships. On this values platform, IBM built a new strategy combining its commercial, social, and environmental capabilities.

To this point, the company had launched a series of initiatives to reinvent education. Building on its experience with applying innovative technology to education, IBM next expanded its attention to other societal challenges like health care, transportation, energy use, urban life, and the environment. To illustrate: A team of IBMers doing community service in Bosnia after the Balkan conflict found that relief workers from the International Rescue Committee, CARE, Doctors Without Borders, and other NGOs couldn’t communicate across one another’s computing systems without open sourcing tools. Meanwhile, its commercial teams were facing similar problems with inter-connectivity in business. R&D specialists, engineers, and business process consultants, operating in these two different spheres, found that they could trade in ideas and solutions. An insight was born: IBM’s on-demand community and commercial efforts could be integrated into a socio-commercial strategy. Supporting this, Palmisano pointed out that, in his eyes, CSR was not something unique or special, or just to apply to “crown jewels” like education; on the contrary, he said: “It’s who we are; it’s how we do business; it’s part of our values; it’s in our cultural DNA.”

In the past several years, IBM has melded its innovative technologies like grid computing, social networking, and virtual worlds and applied them to creating a “smarter planet.” Martin Jetter, chairman of IBM Germany, described what this value proposition meant for his business. The bases for action, as he described them, were IBM’s three value commitments. Now IBM clients for a smarter planet is not a single business or government agency, but rather an ecosystem of organizations and interests that can be connected to
work smarter.” In this B-to-E relationship, IBM brings both its information technology and its organizing skills and resources. To illustrate, Jetter spoke of a “smarter cities” innovation launched in Berlin.

This initiative would mean engaging with diverse stakeholders to understand their issues, interests, and capacities to work together for the betterment of the city. An online jam with urban planners, educators, and leaders in business, government, and civil society would then bring them together for fact-finding and brainstorming. Simultaneously, IBM’s German workforce would have to prepare and organize itself to work through this ecosystem. “We had the technology,” Jetter noted, “but not the right skill mix and capacity to relate to some many different groups.”

In turn, Jetter and IBM, along with politicians, other business leaders, and civil society, would need to self-organize and co-create the smarter city effort. He said, candidly, that there were no models of multilateral organization that he knew of to apply to this case or a clear roadmap on how the relationships and work would or should evolve. What was called for was conviction, courage, and a willingness to invent as things went along. To this point, he reports that the shared sense of responsibility and collective capacity to innovate developed among the actors in the ecosystem has led, in fits and starts, to some early successes or “wins” for IBM, its stakeholders, and the citizens of Berlin.

This case illustrates how actions on values can connect to mission and inform the strategic vision of a company. Since its first internal values jam, IBM has hosted online jams with customers, suppliers, myriad other stakeholders, and the public at large, centered on diverse social and environmental problems calling out for innovation. All of this, Palmisano says, is “a matter of living by your values and winning with your values.”

BRINGING VISION, MISSION, AND VALUES TO LIFE

The idea that vision, mission, and values can guide a business and provide meaning for its employees has been ably documented in case studies of other long-lived companies in the U.S. (e.g., Eastman Kodak Co., Corning Inc.), Asia (e.g., Matsushita Electric Industrial Co., Sumitomo Corp.), and Europe (e.g., Shell Oil Co., Nestlé). This underscores how a forward-looking perspective and enduring values contribute to corporate longevity. Arie de Gues, developing this idea, contends that clarity of purpose, a capacity to adapt to change, and a cohesive sense of identity all characterize The Living Company. (Another characteristic he found of long-lived companies, “conservative finances,” is also apropos in our times).

Nevertheless the prospect of companies using vision, mission, and values to redefine their purpose and drive transformation is not without critics, particularly in the area of sustainability. There are risks, for instance, in using sustainability and CSR primarily for image burnishing and public relations, rather than business transformation; in settling for “low hanging fruit” rather than fundamental change; in driving vision, mission, and values from top-down without fully engaging employees, and in failing to “close the gap” between preaching and practices.

PR Versus Performance

As an example, GE’s Web site, public print media, and airwaves are filled with emotive advertisements about clean air, fresh water, and green energy brought to you via clean coal burning, desalination, and wind turbine technologies made by GE. To critics, these are exemplars of “greenwashing.” The company was recently taken to task over a TV spot that featured miners producing clean coal to the tune of “Sixteen tons” by Merle Travis. GE had enlisted a credible stakeholder, the World Resources Council, as a partner in its clean coal campaign. But savvy listeners knew that the song had been lifted out of context and actually lamented a coal miner’s plight. To them, GE was no real friend of the miner. And, critics questioned, can coal ever be clean?

A more robust complaint about the PR (public relations) aspects might be launched against Coke and Pepsi. Recall that the “cola wars” between Coke and Pepsi in the 1970s were about tasting good. Visiting newly built shopping malls, consumers would take a blind taste test of Coke and Pepsi and then state their preference. Who won? Both sides enjoyed annual double-digit sales growth for the next three decades. Today, with annual growth and market shares declining, the new cola war between the beverage makers is about doing good. And what better venue than the 2010 Super Bowl to have at it!

Coke’s gridiron campaign invited social mediaphiles (a desired demographic) to “open happiness” in a virtual mall and spread it around. The soft-drink giant pledged $1 to the Boys and Girls Clubs of America for each person who previewed its Super Bowl ads on its “live positively” Facebook page (up to a maximum of $250,000). Pepsi, in a clever counter-measure, announced that instead of spending $20 million on Super Bowl ads, it would donate those funds to people who had “refreshing ideas to change the world.” Applicants could make their pitch on its “refresh everything” Web site and the public could vote on their ideas.

There is no doubt that the Boys and Girls Clubs and the many projects proposed by Pepsi supplicants are “worthy causes.” And reaching out to customers is surely relevant to the business. But if you ask consumers which issues matter to them about Coke and Pepsi, items like “junk food,” “obesity,” “advertising in schools,” and “water use” pop out. So why doesn’t Coke work with the Boys and Girls Club to help youngsters learn more about a healthy diet? And why doesn’t Pepsi solicit and fund ideas from science students on taking the junk out of food? Now, to be fair, both companies are taking steps to address water use around the world and both are members of the “healthy weight commitment” foundation and support Michelle Obama’s efforts to reduce childhood obesity. Imagine if they waged a war on this issue to kick off Super Bowl XLV!

Wal-Mart Stores made a massive contribution to victims of Hurricane Katrina through its people power and expertise in logistics. That success experience was then a springboard to launch its far more expansive and significant green campaign that engages customers, suppliers, and staff in a war on waste and global warming. These are momentous times for corporate involvement in society, and engaging in cola wars through philanthropy seems, well, rather frivolous.
Surface Versus Fundamental Change

A recent Accenture study of CEOs who had embraced the United Nation’s Global Compact principles reported that the great majority had “embedded” sustainability into their businesses. A closer look at the findings revealed, however, that although their firms had policies on and programs for sustainability, comparatively few had made the necessary operational changes in their supply chains and distribution systems or established sustainability goals and controls for their lines-of-business.

An example of fundamental change is the story of Ray Anderson and Interface. In our interview, Anderson explained how Paul Hawken’s book The Ecology of Commerce expanded his worldview and influenced his view of business leadership. Before reading the book he said, “I was totally oblivious to the natural world and how dependent we were [on it]. I would have said that the purpose of business was to make a profit.” Hawken’s words were eye opening; Anderson reflected, “I have said that the purpose of business was to make a profit.”

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Hawken’s words were eye opening; Anderson reflected, “I came to . . . this rather sterile idea of species extinction and it was the point of the spear in the chest. I read on and the spear went deeper and I was convicted right there as a plunderer of the earth.”

Committed to transforming his business, Anderson told one of us, “I don’t know the entire process of becoming more sustainable; you have to get lots of different points of view.” Accordingly, he assembled a “dream team” of sustainability specialist who, together with employees, laid out a roadmap for their uphill journey. Their mission was to climb “Mt. Sustainability,” to build sustainable relationships between the company and its supplier and consumer markets, communities, and the natural world. Work began on each of its seven faces: (1) eliminate waste; (2) benign emissions; (3) renewable energy; (4) closing the loop; (5) resource-efficient transportation; (6) sensitizing stakeholders, and (7) redesign commerce. The lesson here is that when a company commits the time and resources to this kind of makeover, it can lead to innovative, profitable, and sustainable ideas, such as Interface’s “Cool Carpets,” which are manufactured without petroleum, put on the floor without glues, and are completely recyclable. To bring them to market, Anderson had to remake himself as a leader, and redo his company’s organization and business model, together with a team of external advisors and initially skeptical employees. He is today a champion of and spokesperson for sustainable commerce.

On the self-aggrandizing side of this, an Interface saleswoman recalled, “Ray was absolutely paranoid of greenwash. I remember sitting in a meeting when he threatened to fire on the spot anybody who tried to market (sustainability). He would always make the walk ahead of the talk. From the very beginning it was about deeds not words, deeds, and data. The only scorecard is the actual performance numbers at the end of the quarter.”

Leading by Engaging Employees

Not surprisingly, most studies concur that top leadership (CEO) support is necessary for successful value-driven businesses, but instilling values also takes participation and two-way communication, not just a decree from above. “Vanguard companies breathe new life into a long standing values statement by engaging multiple levels of employees in the institutional task of identifying and communicating values,” Kanter explains. “They create and reinforce principles through active recitation and search for interpretation. The statements are not hung passively on the wall; they are internalized through inquiry.” IBM’s value jam was a powerful launching pad for its commercial and cultural makeover. Today the conversations continue on a company Intranet site called ThinkPlace where employees have e-conversations about culture and the business.

Levi Strauss & Co. has exemplified a values-led business since founder Levi Strauss first set up his dry goods firm in San Francisco in 1853. A year after his arrival Levi gave $5 to a local orphanage (the current equivalent of about $110), beginning a tradition of philanthropy and community service that continues today. In the next century the company grew to iconic status with its jeans wear brand and recorded a significant corporate citizenship profile: setting up a minority supplier program in the 1970s; full medical benefits to unmarried partners of employees in the 1990s; as well as a first-in-industry supplier code of conduct for global sourcing. A business downturn beginning in the late 1990s, however, called its commitments to “profits through principles” into question.

Having noted that the company’s brands used value propositions as a tool to define their qualities and character for consumers, Theresa Fay-Bustillos, vice president of worldwide community affairs, worked with the company’s worldwide leadership team to develop a value proposition for corporate citizenship. She convened a cross-functional, multilevel working group around corporate citizenship, which included some top execs. Fay-Bustillos, a lawyer and community activist, focused the group on understanding the company’s 150-year legacy of corporate citizenship; listening to employees, executives and shareholders; and identifying current and potential future societal issues facing the apparel and textile industry. The group’s work also highlighted how citizenship was material to the company’s strategic decisions.

Out of the discussions, a corporate citizenship value proposition (CVP) emerged, with a global vision and behavior characteristics aligned with the company’s corporate values — empathy, originality, integrity, and courage. The worldwide leadership team pledged to educate employees on the new value proposition, incorporate it into the strategic business planning process and hold themselves accountable for making progress going forward. Key elements of the CVP include:

- **Business Practices That Reflect the Diversity of the World We Serve** — The company seeks to build on its record of diversity among employees, consumers, suppliers and other stakeholders, as well as in its advertising and marketing efforts.
- **Supply-Chain Practices That Respect the Workers Who Make Our Products** — The company seeks to build on its pioneering sourcing code, continuing to work at the factory, community and public policy levels to improve working conditions for garment workers worldwide.
- **Environmental Initiatives That Support Sustainability** — The company aspires to build on its leadership supply-chain water-quality program and expand sustainability initiatives to other parts of its operations.
Societal Engagement That Contributes to Positive Social Change — The company aims to build on its achievements in employee community involvement and social-change-focused grant making through deeper engagement with employees, consumers and diverse stakeholders.

HIV/AIDS Initiatives That Protect Employees, Workers, and Consumers — The company intends to build on its longstanding leadership in this area by activating employees, consumers and workers to oppose HIV/AIDS stigma and discrimination, and work with contractors to promote workers’ access to prevention information, treatment and care.

Under each of these elements, the company included detailed outcomes that, over time, it aspires to be able to achieve or substantially influence.

As of this writing, Levi Strauss & Co. is back on its feet commercially and is now rolling out the CVP to employees worldwide as part of an organizational development program entitled The LS&CO. Way and You, through the strategic planning process. On overall progress, Robert Hanson, president of company’s North America region says, “We’re getting there.” “Just as in the marketplace, we also need to innovate with citizenship if we want to remain relevant with our stakeholders. This is why we’re working to deeply integrate citizenship into our business at every level in our organization.”

Closing the Gap

BP had a compelling vision of going “beyond petroleum.” What it lacked was the institutional will and managerial acumen to translate its commitments into responsible operations, as demonstrated by a fire in a Texas refinery, spillage in an Alaskan pipeline, and, most recently and tragically, an explosion on an oil rig in the Gulf of Mexico that killed 11 workers and the subsequent oil leakage that despoiled the southern U.S. coastline.

General Electric, Unilever, and IBM, by comparison, carefully considered issues of sustainability and their role in society for many months, involved outside experts, consulted multiple stakeholders, including critics, and involved their employees in self-study as they embarked on their transformational journeys. They constructed value propositions that integrate relevant social, environmental, and governance issues into policy frameworks and took steps to ensure that their missions and values were aligned with their visions of a sustainable business and a sustainable society. In our view, this combination of mission, vision, and values allows a company to triangulate its journey from three guideposts. Missing any one risks setting a company off course.

Nevertheless, as companies adopt a broader and more inclusive view of corporate responsibly, they also have to develop their response-ability. GE, IBM, and Unilever each have a board-of-directors-level committee overseeing their ESG performance. They also have internal steering committees of senior executives that span functions, geographies and business units and coordinative structures at the operational level to bring different departments together. In addition, they issue comprehensive social reports that measure and report to the public on their performance in these areas. This is what it takes to “close the gap” between high-minded statements of vision, mission, and values and everyday ground-level practices.

Finally, it is worth noting that during the past two years of recession each of these companies (and roughly half of big companies in the U.S., according to surveys) continued or increased their investments in sustainability and corporate responsibility. Furthermore, they have continued to innovate in this arena. GE, for example, is developing its “healthimagination” platform for health care products and services. Unilever continues to improve its offerings and is working with Oxfam to document and report on its overall financial impact on developing nations. And IBM has sent more than 700 employees on 70 teams for one-month assignments to small businesses and nonprofits in 13 developing countries through its Corporate Service Corps. There is more to the IBM programs than reputation building and community service. It is training its next-generation leaders to deal with complex economic, social, and environmental problems, to work with multiple actors amidst resource constraints, and to exercise leadership that makes a difference for the business and the world. That is what living your values is all about.

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Foundational readings on vision, mission, and values include Tom J. Peters and Robert H. Waterman, Jr., In Search of Excellence (New York: Harper & Row, 1982); Peter M. Senge, The Fifth Discipline: The Art and Practice of the Learning Organization (New York: Doubleday/Currency, 1990); James P. Collins and Jerry I. Porras. Built to Last (New York: Harper Collins, 1994); and Arie P. de Geus, The Living Company (Boston: Harvard Business School Press, 2002). For an up to date look at these in practice, see Rosabeth Moss Kanter, SuperCorp: How Vanguard Companies Create Innovation, Profits, Growth, and Social Good (New York: Crown Business, 2009). Kanter has seven guidelines for leading companies: (1) show concern for the public agenda and public good, looking beyond your own interests; (2) allocate time, talent, and resources to national or community projects; (3) draw people from the community, and be part of the community; (4) see the whole system and understand the interconnections among aspects of the problems; (5) reach out to partners and involve the whole extended family in comprehensive solutions; (6) ensure your values are clear and your practices are models for the kinds of changes you want to produce for society; and (7) use your core capabilities and best ideas and technologies.


For more on the companies studied here, see Bradley P. Googins, Philip. H. Mirvis, and Steve Rochlin, Beyond “Good Company:” Next Generation Corporate Citizenship (New York: Palgrave-McMillan, 2007). The book depicts movement toward next generation practices through a developmental model. The stages of development posited, from an elementary to an engaged, innovative, integrated and, in some instances, transformative approach to corporate responsibility, emphasize continuous interaction between a firm and its environment that stimulates organizational learning. At each stage of development, the company’s engagement with societal issues is progressively more open, and dealings with stakeholders are more interactive and mutual. In the same way, how companies think about their responsibilities becomes more complex, and the organizational structures, processes, and systems used to manage citizenship are more sophisticated and aligned with the business. For more detail on Unilever Asia’s developmental progress, see Philip H. Mirvis and L. (Tex) Gunning, “Creating a Community of Leaders,” Organizational Dynamics, 2006, 35(1), 69—82.

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