The International Journal of Ethical Leadership

Volume 2 Article 7

2013

What We Do for a Living

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We are all still in the earliest stages of learning how what we do for a living both threatens nature and fails to meet our deepest human needs. The impoverishment of our world and the devaluing of the priceless undermine our physical and economic well-being.

Yet the depth and breadth of technological innovation of the past few decades shows that we have not lost our most useful gifts: humans are ingenious, adaptive, clever. We also have moral capacity, compassion for life, and an appetite for justice. We now need to more fully engage these gifts to make economic life more socially just and environmentally responsible, and less destructive to nature and the commons that sustain us.

This book aims to sketch, in light of our environmental crisis and economic sea change, the elements of business responsibility for our time, when everyone in business—at every level—has to deal with the unintended consequences of a two-hundred-year-old industrial model that can no longer be sustained ecologically, socially, or financially.

The co-authors have been involved in Patagonia since its inception nearly forty years ago. But it is not the purpose of this book to retell our company's history in detail. That story may be found in Yvon's book, *Let My People Go Surfing*.

This book, though it draws on our experience at Patagonia, aims to be useful to all people who see the need for deep change in business practices and who work in companies quite unlike ours. Although we mostly address companies that make things, or like us, design things made by others, this book is germane to all businesses that offer a service or to nongovernmental organizations (NGOs) and nonprofits that want to treat their people well and reduce the environmental impact of their operations. This book is for anyone who works, not just business leaders and managers. It is also for business students and other young people who want to engage their best, deepest self in the working life that stretches ahead.

You should know that at its beginning, Patagonia was meant to be not a risk-taking, environment-obsessed, navel-gazing company but an easy-to-milk cash cow. Yvon created Patagonia as an offshoot of the Chouinard Equipment Company, which made excellent mountain-climbing gear recognized as the best in the world, but very little money. Patagonia was intended to be a clean and easy company—desk jockey's work—in contrast to the ten hours a day sweat and toil of hammering out pitons with coal-fired forge or drilling and cutting chocks from extruded aluminum. The clothing business required no expensive dies to amortize and had a much broader customer base than a few dirtbag climbers. Who knew then that cotton could be as dirty as coal?

At Chouinard Equipment we were used to a life-or-death standard of product quality: you did not sell an ice axe without checking it closely for a hairline fracture or any other fault. Although we applied the same standard to rugby shirts (they had to be thick and tough to survive the skin-shredding sport of rock climbing), we knew that seam failure was unlikely to kill anyone. Patagonia was to be our *irresponsible* company, bringing in easy money, a softer life, and enough profits to keep Chouinard Equipment in the black.

Our responsibilities as businesspeople came slowly and almost involuntarily to light while we focused on the "real" work of designing our clothes and getting them made and sold. In the chapters ahead, we'll describe a handful of moments that stunned us into consciousness (including the discovery that cotton, our most commonly used natural fiber, turned out to be the most toxic) to illustrate how one step makes the next step possible—a simple lesson but key.

We can't pose Patagonia as the model of a responsible company. We don't do everything a responsible company can do, nor does anyone else we know. But we can illustrate how any group of people going about their business can come to realize their environmental and social responsibilities, then begin to act on them; how their realization is progressive: actions build on one another.

We used to think that because Patagonia grew out of a small band of climbers and surfers who have a special love for the natural world and a palpable need to be in it, feel a part of it, that we were somehow exceptional as a business. Twenty years ago, we didn't think we had much to say to the woman next to us on the plane who might wear a Chanel suit and pearls and fetch a copy of *Fortune* out of her Tod's handbag (we would have been accidently upgraded to business class to be anywhere near her). Now, though, we can think of a number of topics we might have discussed, from design to inventory control, to the implications of material shortages for long-term planning. We now know, from talking to all kinds of businesspeople, that Patagonia, if exceptional at all, is so only at the margins. As mice and men share 99 percent of their genes, so do Wal-Mart, BP, and Patagonia. Patagonia may seem different because its owners are committed to social and environmental change; and our company is privately held, not publicly traded, so we can take on greater risks. But our management requires the same set of skills, pursues the same opportunities, and faces the same competition and constraints as any other business.

We started as climbers and surfers, so our direct engagement with nature may have allowed us to recognize the environmental crisis earlier than others and begin to act on it more quickly. But eventually the crisis would be apparent to everyone in business. Soon we would trade stories with other businesses that acted out of environmental and social concerns. In the earliest days, we talked with the founders of Ben & Jerry's, The Body Shop, and Smith & Hawken. Later, conversations with REI, The North Face, and other companies in the outdoor industry led to the creation of the Conservation Alliance, a nonprofit that protects wilderness as habitat and space for recreation.

When we finally turned a cold eye to our own wasteful and polluting industrial practices, or those done in our name by our suppliers, we sought out and found other concerned companies willing to offer advice and help. Often they were huge, and included Levi Strauss, Nike, Timberland, and The Gap. We spoke with others farther afield, like the courtly carpet-tile manufacturer Ray Anderson, founder of Interface, whose spiritual epiphany upon reading Paul Hawken's *The Ecology of Commerce* led him to become, as *The Economist* noted in his obituary, "America's greenest businessman." It turned out we were not unique in our desire to become a more responsible business.

When we wanted to improve our quality without increasing our costs, we shared notes with Jack Stack, who with other employees had bought back the failing Springfield Remanufacturing Company from International Harvester and had made it successful through innovations in participatory corporate control (i.e., listening to front-line employees) and open-book management. Jack taught us that any successful business strategy had to engage the intelligence of the people on the floor as much as those at the top.

Along the way we've seen a tectonic shift in work culture in many businesses. During the past twenty years, Silicon Valley companies have turned old work rules on their head. Almost everyone is familiar with the free fitness rooms and free food. Fewer know that Google allows employees to spend 20 percent of their working time doing almost anything they like: We know, because some employees of Google Earth donate that time—and their technological expertise—to helping wildlands activists map migration corridors for large animals displaced by climate change and development.

We've seen the rise of the specialty bakers and brewers, and of organic farmers and farmers' markets, as well as the mainstreaming of what used to be called health foods. We've seen the introduction of Leadership in Energy and Environmental Design (LEED) standards revolutionize commercial construction by proving that greener building standards create healthier workspaces and that better-quality construction repays owners and investors over time.

There are many new businesses that are sensitive to their workers' needs and mindful of nature's vulnerability; and many older businesses have begun to come around. But none of us have done nearly enough.

Those who plan for the future of their businesses, in every industry, have to take into account the increasing scarcity of energy and water and their rising cost, as well as the rising cost of waste and its disposal. Every company—from Wal-Mart to the Cheese Board Collective, from BP to the makers of Fat Tire Ale, from Dow Chemical to Patagonia—is already at work, in some way, even inadvertently, to dismantle a creaky, polluting, wasteful, and increasingly expensive industrial system, and is struggling to create new, less life-draining ways to make things; we are all trying to get a new roof up over the economy before the old, sagging one caves in.

Every company faces questions from skeptical customers: Will your company's product hurt them or their children? Has your product hurt the workers who made it, or their community, or the ecology of the region where the product's components were drilled, mined, or farmed? Is your product worth its social and environmental cost? It may arguably have a social benefit that outweighs its cost; but everything we all do at work, unless you happen to sell organic seeds or night-soil compost, hurts the environment more than it gives back.

Your customers may not be eager to know what's wrong with your products, but if and when she finds out, she is likely to care. And she no longer need to tune into *60 Minutes* or *Mother Jones* to find out who's dumping chemicals or mountaintops into the local creek. Any citizen with a cell-phone camera and access to a blog can now sound this neighborly alarm. And others can spread it—and will.

This is not news to the businesspeople at work on one or more of four hundred new indexes to benchmark, and advance, their social and environmental practices in the outdoor, apparel, automobile, electronics, chemical, and other industries. No one wants to feel the heat of an unfavorable spotlight. Every company should be afraid, as is Wal-Mart, of teenagers, and what they will consider environmentally acceptable or socially cool as they come into adulthood. No one under forty has ever lived in a year without an Earth Day or thought the health of an ecosystem subordinate to the whims of a corporation.

Wal-Mart woke up after a survey by McKinsey & Company jarred then-CEO Lee Scott: 54 percent of customers thought Wal-Mart "too aggressive," 82 percent expected the company to be a "role model for other businesses," and 2 to 8 percent, as many as fourteen million people, had stopped shopping at Wal-Mart altogether because they were upset by things they had heard about the company.

Some companies begin to change their ways in order to protect their reputation. Others change to reduce their cost. Still others change because they see opportunities to create new markets, whether to satisfy customers who want healthy, organic food or purchasing agents for pubic institutions who have to meet new environmental mandates for everything from vehicles to cafeteria napkins.

Every company faces competitors who, through their own efforts to thrive, become more adaptive, nimble, and efficient, as well as less wasteful and harmful. A company that can make environmental improvements will attract more customers. Companies that do business globally have to choose whether to adopt the toughest European standards or divide up their production and make lower-quality goods for the rest of the world. The choice they make will not go unnoticed by the watchful eyes of NGOs and competitors.

Investors, especially large institutional investors like pension funds and universities, now allocate more of their portfolios to socially and environmentally responsible mutual funds, not just to pay ethical lip service or ward off demonstrations on campus. For all investors, including individuals who rely on 401(k) accounts to fund their retirement, faith in the Modern Portfolio Theory (MPT) of diversified investment to minimize risk has been sorely tested by gyrations of the past fifteen years. According to a new Harvard Business School study, socially responsible investments, which once underperformed more enticing opportunities like subprime mortgages, now over the long term out-perform the market as a whole.

No company has to rely solely on its own resources to attract responsibly minded employees, customers, and investors. Every company can work with other companies, often under the auspices of a trade association, to co-develop more responsible business standards, practices, and benchmarks: then share information to help everyone reduce industrial harm and waste. That levels the playing field on which companies can then compete in good faith.

Every company that thinks it's a good guy or wants to be—Patagonia, Interface, Stoneyfield Farms, etc.—has to make room in our little clubhouse for old villains who now don a white hat for at least part of the working day. They are legion. Nike, stung by public disgust over child labor in its contract factories, has become a global leader in the effort to improve workplace conditions throughout the supply chain and create at least minimally fair labor practices around the world.

After being criticized for polluting groundwater and sucking wells dry in India, Coca-Cola has committed to return its wastewater to the environment clean enough "to support aquatic life and agriculture."

Dow Chemical, former maker of napalm, has committed to finding alternatives to petroleum as a source for its chemicals. Dow has recently teamed with The Nature Conservancy on a five-year, ten-million-dollar exploratory project to develop methodologies that can assign dollar values to ecosystems. These new tools will allow Dow to evaluate the ecological costs of every business decision it makes. Moreover, Dow was awarded an A+ from the Global Reporting Initiative (GRI) for its 2010 Annual Sustainability Report. Both Coca-Cola and Dow have teamed with Kellogg's, DuPont, and others to develop "material-neutral" packaging (packaging is responsible for a third of all waste generated).

And Wal-Mart, the world's largest company, formerly committed to an exclusive strategy of low prices, regardless of environmental cost, has committed to use 100 percent renewable energy, create zero waste, and to "sell products that sustain our resources and environment."

Consumers, both individual and institutional, have become and will continue to be more demanding. Individual consumers are famously powerful for controlling two-thirds of the US economy. For local, state, and national government and public institutions, who all buy "in bulk," the Prius is succeeding the late Crown Victoria as the emblematic tax-exempt fleet vehicle (although the NYPD prefers the hybrid Nissan Altima).

Whole industries are changing. The conservative but troubled US dairy industry is now engaged in large-scale projects to increase the productivity and shelf life of milk without resorting to destructive factory-farm practices; to change cattle feed to reduce methane "burps" (a significant contributor to greenhouse gases); and to harvest cow patties for use as organic fertilizer.

The commercial construction industry ten years ago was no bastion of green: its old, fixed-budget business model, based on the low bid, drove down quality at every stage of design and construction. Every builder has requirements to build to code but no incentives to build in resource-saving systems that might cut the building owner's cost in the long run but not the short. Enter the LEED certification system for building to energy-efficient standards with less environmental harm. At the time it was introduced in 2000, only 635 buildings worldwide could comply. As of 2012, more than 40,000 LEED-certified projects have been built or are in the works.

LEED had educated building owners and managers to the long-term high cost cheap heating and air conditioning (and of cleaning a building with high levels of indoor pollution), as well as to the saving inherent in new materials and design. An initial 2 percent increase in cost of a new LEED-certified project incurs savings of ten times that amount over the life of the building. A LEED retrofit saves owners an annual ninety cents a square foot; they make their investment back in two years. LEED is becoming the standard for commercial properties and, in the process, changing the urban landscape. In big cities, for instance, look for more roofs planted with shrubs and herbs, which insulate, filter the air, reduce heating and cooling needs, and provide a garden haven for workers taking a break. Look for more of the kind of low-income housing built by developer Jonathan Rose, with more under-the-roof residential services and a lot more light: the gym of his new South Bronx project is located not in the basement but on the top floor.

Our own outdoor industry is changing as well. Its trade group, the Outdoor Industry Association (OIA), is developing an assessment tool called the Eco Index, for use by manufacturers to measure the social and environmental impacts of every one of their products. Patagonia's Jill Dumain has been part of a working group of twenty companies that for two years met weekly by conference call to develop the relevant criteria. They benefited from participation by Nike, which had invested seven years of work and six million dollars to create its Environmental Apparel Design Tool (which, for internal use, grades the impact of the company's products as bronze, silver, or gold).

The Eco Index measures impacts of manufacturing, packaging, and shipping, as well as customer care and use, recycled content, and recyclability. It allows a company to manage its entire supply chain to improve water use and quality, lower greenhouse gas emissions, and reduce toxic chemical use and waste, as well as monitor and improve pay and working conditions on the mill or factory floor.

The OIA group decided to adopt a policy of full transparency and created an advisory council that voted on all decisions. OIA also hired a consultancy firm called Zero Waste Alliance to form a collaborative framework and methodology that would work for a broad range of participating companies—some small, others quite large (among them REI and Timberland, in addition to Nike).

OIA's Eco Index council is now at work on the second stage, which will allow more than a hundred companies to provide open-source tools to benchmark their practices and measure improvements through their business reporting systems. Our hope is that within five years the Eco Index will become consumer-facing (as is Berkeley professor Dara O'Rourke's Good Guide rating system), so that a customer can scan a Quick Response (QR) code on a pair of jeans to see ratings of that product's social and environmental impact.

OIA has made the Eco Index both transparent and scaleable. As a result, the much larger Sustainable Apparel Coalition, whose members produce more than 30 percent of the clothing and footwear sold globally, will benefit from OIA's work, shaving much time from the development of its own assessment tool.

Patagonia owes its role in the larger coalition to our relationship with Wal-Mart over the past several years. When their executives first approached us to learn more about our environmental practices, we were, from the owners to the rank and file, skeptical and bemused. How could we help them or them help us when our two companies were so vastly different? There was the question of scale: we grossed four hundred million a year, while they grossed four hundred billion. There was the question of business culture: Southern California versus rural Arkansas; high quality and strong aesthetics versus rock-bottom prices and pallet racks. There was the question of values. We knew ours; what did Wal-Mart value?

By the time they approached us, in 2008, Wal-Mart had gone through a gradual environmental awakening. Shaken by its declining reputation, and a historic volume of lawsuits aimed at a single company, Wal-Mart at first adopted some basic environmental improvements of the sort corporations usually have their PR departments tout to the press. But removing excess packaging from deodorant sticks, concentrating laundry detergent in small bottles, and installing auxiliary power units in their trucks to reduce idling time turned out to save them millions of dollars. The more material they shaved from packaging, the less energy they used, the more money they made. The more carbon they removed from their operations, the less money they wasted. The word "sustainable," at first the province of the PR staff, became a business by-word.

Wal-Mart's currently low-idling truck fleet is the world's largest. If Wal-Mart were an economy, it would be bigger than Switzerland. Because its material needs—for operations but especially for products—are so great, and because it runs stores around the world, in China, India, and Brazil, as well as in Europe, Wal-Mart is in a position to understand the resource restraints to be faced over the next decade. The company understands how essential it is to reduce its environmental impact if it is to continue to do business on a habitable planet.

Patagonia's talks with Wal-Mart led to a shared David and Goliath enterprise. Yvon and John Fleming, Wal-Mart's Chief Merchandising Officer, co-signed an invitation written on joint letterhead to attend the "21st Century Apparel Leadership Consortium" to be held in New York three months hence. They sent it to sixteen of the world's largest apparel companies. One sentence on the invitation, printed in boldface, read like the crack of a ruler on the wrist:

> During the course of one half day session, we expect to achieve consensus on the need for a universally accepted approach for measuring apparel sector sustainability, and to establish a strategy for ongoing collaboration to create and implement that standard.

The invitation's final sentences, printed in italic, laid out its raison d'entre:

> *Creating a sustainability standard will improve the welfare of our workers, communities, consumers, and environment far more effectively than the fragmented, incremental approaches that characterize existing efforts. Together we are better. We hope you will join us.*

Join us they did. The invitees, during their meeting in New York, agreed to become the Sustainable Apparel Coalition. The coalition members, working by consensus, drew on the work of OIA's Eco Index to define its social and environmental benchmarks. The coalition has now launched into development of an open-source assessment tool to be shared by participants. It is our hope that this index, like OIA's, can be converted eventually into a consumer-facing rating that will allow a customer to hold a smart phone or to read an individual rating—and compare the impact of one pair of jeans to another.

Similar efforts are underway in other industries, with over four hundred indexes in effect or being considered that measure the impacts of everything from appliances (Energy Star ratings) to electronics (EPEAT) to automobiles. It's too early to tell, but these indexes could create a revolution in the way we buy: they certainly give us information we need to be good citizens as well as informed buyers.

Every company has business partners—suppliers, dealers—with a stake in its success. These partners have also begun to adopt and develop, voluntarily or not, a more responsible business model for their own companies. Companies, suppliers, and retailers all need to help each other. As your company is responsible for everything done in its name, so are your partners responsible for your part of *their* social and ecological footprint. As Patagonia is responsible for the labor practices of Maxport, the factory in Hanoi that sews our Super Alpine Jacket, so REI is responsible for the environmental footprint of the Patagonia jackets it sells in its stores. How so? REI can't tell Patagonia how to make jackets, but it doesn't have to buy from us either. If it cares about reducing the environmental footprint of the jackets sold on the floor, REI can influence us to improve our practices or buy from someone else who will. And they should. As Wal-Mart has discovered, 90 percent of the product's environmental impact is determined at the design stage; it is the designer in Los Angeles who determines most of the harm to be done in Guangdong.

Every company now has to work to win the minds and hearts of its employees; to earn their trust, loyalty, commitment, and to engage their intelligence to help figure out, before the old economy caves, how to put up that new roof (built out of renewable or recycled materials, to LEEDS standards, with a garden to reduce energy costs). To earn employee commitment and trust begs more of a company than providing competitive pay and benefits and enacting humane employment policies. Employees who grew up in the 1980s or later view it as their birthright to make the best use of their intelligence and creativity, not always for the highest pay.

Not everyone can satisfy his heart's desire working for your company. But everyone does want to feel useful, at or, better yet, enlivened by what they do all day long. No one wants to be ashamed to name the company he works for. No one wants to leave her values at home when she leaves for work in the morning.

People will argue about what makes the world a better place to live (and for whom), and over what each of us would like to see more and less of in the world. It is hard to imagine anyone rejoicing over the generally accepted landscape of only a decade ago: a suburban monoculture of tilt-up malls, cracker-crumb housing, pandemic obesity, cheap distractions, and expensive services—all at the expense of nature. It's as though we'd handed Satan a hard hat and asked him to refashion our earth according to his plan.

A word about a word we've chosen to use as little as possible: *sustainability*.

It's a legitimate term that calls us not to take more from nature than we can give, we do harm nature more than we help it. We have no business applying the word sustainable to business activity until we learn to house, feed, clothe, and enjoy ourselves—and fuel the effort—without interfering with nature's capacity to regenerate itself and support a rich variety of life.

We are a long, long way from doing sustainable business on a planet that now numbers seven billion human beings, including the growing, appetitive (though often socially and environmentally conscious) middle class emerging in China, India, Mexico, Brazil, and Russia. Everything we make does some damage. To produce enough gold to make a wedding band, for instance, generates 20 tons of mine waste. Closer to home: a Patagonia polo shirt is made of organic cotton from an irrigated field, whose cultivation requires nearly 2,700 liters of water, enough to meet the daily needs (three glasses a day) of 900 people. Each polo shirt, in its journey from the cotton field to our Reno warehouse, generates nearly 21 pounds of carbon dioxide, 30 times the weight of the finished product. Along the line, it generates three times its weight in waste.

No human economic activity is yet sustainable.

Twenty years ago, we at Patagonia felt compelled to include in our mission statement an industrial equivalent of the Hippocratic oath, "cause no unnecessary harm." There are degrees of harm. Our polo shirt harms less than one made of chemical-intensive, conventionally farmed cotton, which may be no cleaner than coal. Our polo would be more sustainable if it were made, as are our jeans, from less thirsty, dry-farmed cotton. But even that polo would take its toll on the natural world, through its use of energy, its carbon emissions, and its waste scrap.

Still, it makes a difference to do less harm, and lessening harm makes it possible to begin to imagine restorative and even, through biomimicry, regenerative practices for the future. It makes a difference, where harm is done on an industrial scale, to make improvements on an industrial scale. It makes a difference for businesses, as well as consumers, to use fewer materials and less energy and water, and generate less waste. To make the difference we need to restore the planet to health, or to allow the planet to restore itself to health, we need to make big changes and make them fast. But it would be irresponsible not to pursue every improvement, to take action, where we can.

Many companies are doing something to behave more responsibly to the earth and the commons. And every company that learns to take a responsible step without faltering gains confidence to take the next. "Responsible" seems to us the apt, more modest, word to use while we walk the path that, we hope, leads to a place where business takes no more from nature than what it can replace.