

## FOREWORD

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*Companies on a Mission* is a long-awaited book, badly needed and destined to become a classic in shaping how people think of the role of business in meeting the challenges of this new century. It will be required reading for all of my business students.

All who dabble in big ideas owe debts to prior thinkers. As one who is credited with putting forth some of the principles for the field of sustainable management, for arguing that behaving in ways that are more responsible to people and to the planet is actually a better way to do business, I owe many.<sup>1</sup> Dr. Donella Meadows, lead author on the book *Limits to Growth*, was the first to use the word *sustainability*. Partnerships created my various books. The team with whom I continue to cocreate Natural Capitalism Solutions brings joy to my professional life.

All of us in this field are immensely enriched by colleagues around the world. One of the first, however, to suggest to me that doing business honorably in a time of planetary crisis could actually be more profitable was Mike Russo, the author of the volume you now hold.

Several decades ago, Mike suggested that the anecdotal examples we'd found of companies that prospered by using resources more productively and of companies that attracted the best talent because they treated their

workers fairly were not anomalies but the first signs of a profound shift in business logic.

This bordered on heresy in the unfettered era of greed that characterized the late twentieth century. But Mike was right. In the past several years a solid business case has emerged in dozens of studies showing that the companies that are the leaders in environmental responsibility and in ethical behavior to people are outperforming their peers as measured by all traditional business standards. Not only is there a moral imperative for business to change its course to deal with the increasingly sobering challenges facing us, but it also makes sense regardless of what you think about climate, environmental destruction, or human fulfillment.

Companies around the world are recognizing what I've called the sustainability imperative. Large and small businesses have found that actions taken to make their operations more sustainable also make them more money. Companies that focus on and implement sustainability programs are demonstrating greater profitability, and faster stock growth, than their industry peers. They are less exposed to value erosion and strengthen every aspect of shareholder value.<sup>2</sup> Even one of the world's largest companies, Wal-Mart, has announced such goals as zero waste, 100% use of renewable energy, and its aspiration to sell only sustainable products, in part to enable it to better manage its supply chains and stakeholders. These and about a dozen other elements of enhanced shareholder value make up what we call the integrated bottom line.<sup>3</sup>

Mike was one of the first to notice the underlying causes that have driven the trend toward building value through sustainability. Now, in this book, he presents yet another shift that businesses will ignore at their peril. It is the rise of small and medium-size companies that are as committed to social and environmental stewardship as they are to strong financial performance. These enterprising upstarts have an impact far in excess of their collective size.

The idea that smaller companies form a cornerstone of our economy is not new. The 27 million small and medium-size companies in the United States and Canada are responsible for roughly half of all North American economic activity (and 90% of the nongovernmental jobs). The engines of job creation, small businesses have been ignored as a critical part of the

global recovery we all now seek. Instead, government support has targeted the giants of Wall Street and the dinosaurs of the last century in a futile effort to prop up the failing ideology that big companies are the strength of America—or the rest of the world for that matter.

Mike rightly directs our attention to mission-driven smaller companies. In this book he becomes the first leading academic to apply strategic analysis to the role of entrepreneurs in crafting a future that works for everyone. It's well past time.

In the realm of green business, essentially all the books profile companies that are making a billion dollars a year or more. Yet almost unnoticed, it has been the little mission-driven companies, created by the entrepreneurs profiled in this book, members of such organizations as the Social Venture Network, Green America, and now the Business Alliance for Local Living Economics, that have done the heavy lifting of creating a value proposition that is as much about the way they do business as it is about their products. The real proof of their pioneering efforts is that this evolving and growing trend has now influenced such large companies as Wal-Mart. Its ongoing transformation would have been unthinkable without the example set by the leaders profiled in this book.

Few books give guidance to ordinary businesspeople about how to profit from this inevitable shift to more responsible and sustainable ways of doing business. This one does just that. Welcome to the thinking of a truly prescient man, who like his subjects is on a mission. This book combines analytical rigor with a passion that delivers an easy reading style. **In the pages to follow you'll find stories of business heroes from across the globe, the wellspring of the amazing responsible business revolution now sweeping the planet.** This book shows that being in business to make money *and* to serve humanity and the planet is the sweet spot in the twenty-first century.

*L. Hunter Lovins*