CHAPTER I

From Sustainability to Flourishing

Why are so many executives struggling with corporate sustainability? To answer this question, a fresh outlook is needed. We start by recognizing that what is usually projected under the heading of *sustainability* has, by any measure, become insufficient for either business or society. Sustainability-related practices have implicitly focused, whether intentionally or not, on what business can do to mitigate harm or avoid disaster. In other words, the primary attention has been on being less bad. Imagine for a moment that the physicians' Hippocratic Oath was to hurt the patient less rather than to do no harm. We'd be in a world of hurt! Yet corporate sustainability initiatives such as cutting greenhouse gases or reducing waste only help a business be "less unsustainable." Few initiatives today are designed with solutions to global challenges in mind, and fewer still fulfill the systemic conditions for a healthy world over the long term.

Even the growing social entrepreneurship movement, which aims to provide innovative solutions to global sustainability challenges, is having limited success in making a world-changing impact. Although motivated by social rather than economic gain, this movement is challenged to find ways to scale impact, in part because of the inherent growth limitations linked to capital funding in small organizations that are heavily dependent on a founder's vision for success.

What if, instead of aiming primarily at reducing their footprint, businesses adopted a different way of thinking: what if, rather than only reducing their negative impacts, they started to think in terms of having a *positive handprint,* which Australian activist Kathryn Bottrell defines as "a mark and measure of making a positive contribution in the world?[1]" What would this look like?

The Tata Group, an Indian conglomerate founded in 1868 with current sales of $100 billion, is one among a growing number of examples that exist today. This company puts making a positive contribution at the core of its reason for being. Its corporate purpose of "improving the quality of life of the communities we serve" and "returning to society what we earn" forms the basis of its business conduct. Karambir Singh Kang, an executive at Taj Hotels, a division of the Tata Group, says this about his company: "You will not find the names of our leaders among the names of the richest people in the world. We have no one on the *Forbes* list. Our leaders are not in it for themselves; they are in it for society, for the communities they serve."[2] For some observers the paradox of Tata's way of doing business is the extraordinary results that come with it, most recently under its chairman, Ratan Tata, who transformed the group into a highly profitable global powerhouse over the past twenty years.[3] Its portfolio of products now includes a $22 water purifier that works without electricity or the need for running water, designed to serve the nearly one billion people worldwide who lack access to clean water. As *Wired Magazine* put it, with such products "Tata is saving lives and making a killing."[4]

Or consider Natura, the Brazilian natural cosmetics company with an innovative sales network of more than one million people, many of them poor residents of urban slums known as *favelas*. Chosen in 2011 by *Forbes* magazine as the eighth most innovative company in the world (in the company of Apple, which ranked fifth, and Google, which ranked seventh),[5] Natura has always operated from a distinct and deeply felt sense of purpose. Its founder, Luiz Seabra, says, "At age 16, I was given this quote from Plotinus, a philosopher: 'The one is in the whole; the whole is in the one.' That was a revelation to me. This notion of being part of a whole has never left me."[6] Natura's corporate purpose is concisely stated: Well-Being and Being Well. The company's goal is to cultivate healthy, transparent, positive relationships—between the company and its stakeholders, among those stakeholders, and between them and the whole system of which

they are a part. Although the firm is not widely known outside of South America, it provides a formidable example of a company that does well by doing good, with a recent net profit of $440 million on annual sales of more than $3 billion.

Why Today's Sustainability Results Disappoint
Yet for all the success of companies like Tata and Natura, across a broad range of firms there is a surprising gap between executive talk about sustainability and the ability to actually create value from it. Data from a joint study conducted by the *MIT Sloan Management Review* and the Boston Consulting Group suggest that as early as 2011, two-thirds of all companies believed that sustainability was a source of competitive advantage.[7] This awareness of sustainability as a driver of business value appears encouraging, but a more sobering statistic shows that only a third of the respondents actually reaped financial profits from efforts toward sustainability. A 2011 McKinsey global survey of 3,200 executives shows similar results, with 73 percent saying it is now a priority on their CEO agenda, but less than 15 percent of respondents citing return on capital levers over the next five years.[8]

Even though corporate sustainability initiatives are more widespread now than in previous years, they are often diluted or appear to be flagging. Many of the niche pioneers of the 1970s and 1980s have been absorbed by big players, as in the case of Ben & Jerry's (Unilever) and The Body Shop (L'Oréal). Global corporations that promised to make sustainability a part of everything they did seem to have been unable to stay the course, either because of spectacular crises such as BP's Deepwater Horizon disaster in the Gulf of Mexico or because of leadership changes and confusion about focus,[9] leading to "sustainability fatigue." Whether the fatigue is the result of the "bloom being off the rose," a sense that attention to sustainability is "just one more thing on my overfull plate," or a sense that it was, sadly, just another flavor of the month, the initial energy behind the movement seems to have dissipated, despite all the public statements about the importance

of sustainability. We must tap into a different level of energy and a persistent commitment in order to reinvigorate corporate efforts.

A Shareholder Perspective

Our individual and collective work with executives across a wide range of companies led us to observe that sustainability initiatives have typically begun outside their core strategy and business planning processes, and having begun thus, it has later been difficult to make those initiatives part of the organizations' core cultures, routines, and strategies. In tough economic times tangential efforts naturally fall by the wayside. But even in good times they suffer from being peripheral and from drawing only sporadic attention.

Organizations typically go through several phases in their sustainability efforts. First they identify activities they are already doing that can be couched in sustainability terms. They frame and communicate these efforts in corporate social responsibility (CSR) reports, at conferences, and in their press releases. They look for efforts that are newsworthy, even when many (such as a small solar installation at the entrance of an energy-intensive manufacturing facility) may not have significant impact overall.

Next, they begin tracking performance against key indicators and looking for ways to improve their sustainability performance. Here success typically comes in areas that are consistent with the company's pre-existing culture and ways of operating. For example, Walmart had significant early success with cost-saving efforts, such as introducing innovations to improve the energy efficiency of its buildings and truck fleet and reducing the amount of packaging in its own-branded products.

However, sustainability efforts often run into trouble when they conflict with current ways of operating and require new levels of collaboration both within the organization and with outsiders (such as other industry players or value chain partners). Walmart faced significant challenges partnering with suppliers to bring more sustain-
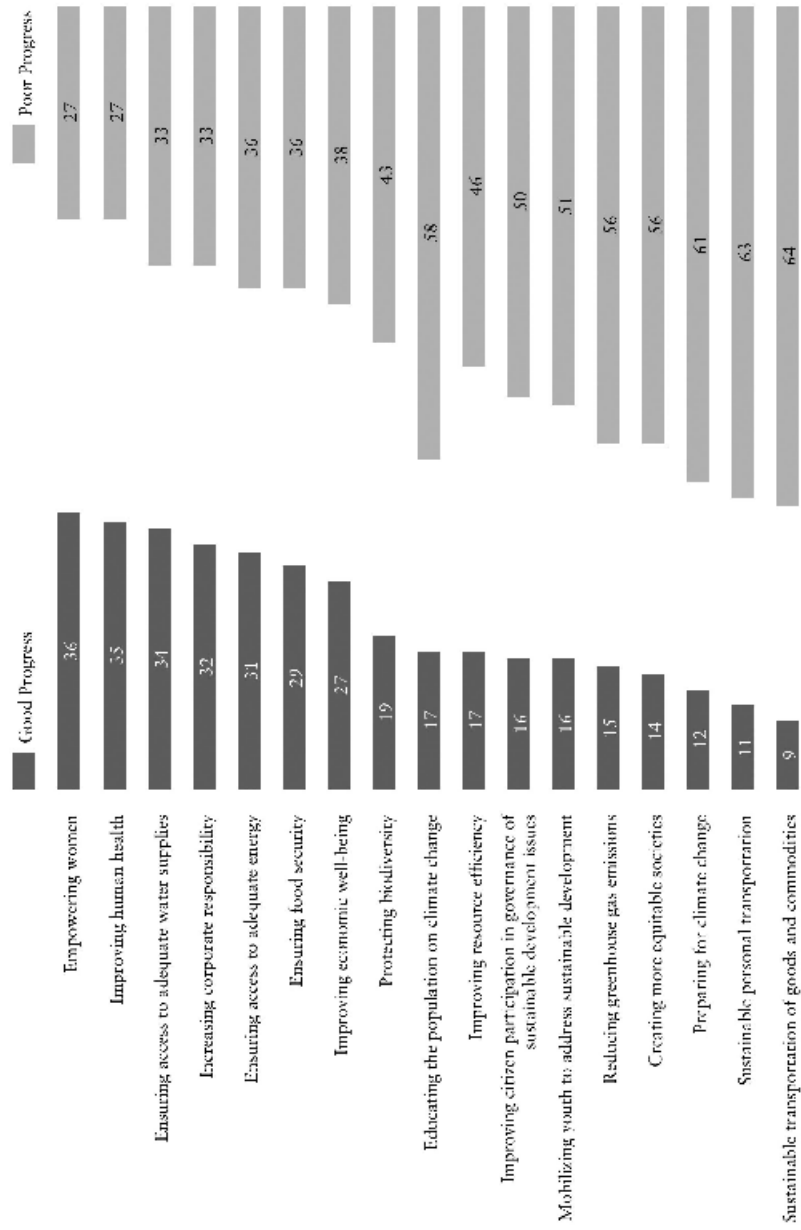
able products to market. This is in part because the "buyer" culture (based on the company having massive purchasing power over its suppliers) favored price negotiation rather than innovative and long-term partnerships. In a 2011 interview published in the *Wall Street Journal*, the head of Walmart's U.S. division responded to criticism that the company had "lost its way a bit" and was no longer as focused as it needed to be on offering the lowest possible prices. He reported that "sustainability and some of these other initiatives can be distracting."[10] While former CEO Lee Scott saw sustainability as a true paradigm shift for the company, this divisional executive's words suggest that the established cultural norms and ways of doing things exert strong pressure to return to the status quo.

Given this tug of war between old and new, and the widespread but inaccurate assumption that by their very nature sustainability efforts take a long time to produce profits, shareholders seemed to have good reason to be disappointed. With investors disgruntled, why should management risk what could appear to be a weakly performing sustainability agenda?

A Stakeholder Perspective

When we turn to stakeholders—particularly the citizens and organizations who fight for social and environmental causes—the picture is even more disappointing. All meaningful indicators suggest that major systems across the world are becoming at best *less un*sustainable and at worst we are heading toward major crises. Progress toward the Millennium Development Goals is mixed.[11] Poverty and the gap between the rich and the poor are growing, even in high-income countries; and progress toward improving maternal health and reducing child mortality is stalled in many parts of the world.

According to the UN's Food and Agriculture Organization (FAO), chronic hunger has been steadily rising since the mid-1990s and in 2012 affected 900 million people worldwide.[12] Efforts to become more environmentally sustainable, as measured by reversing forest loss and

Good Progress | Poor Progress

Category	Good Progress	Poor Progress
Empowering women	36	27
Improving human health	35	27
Ensuring access to adequate water supplies	34	33
Increasing corporate responsibility	32	33
Ensuring access to adequate energy	31	36
Ensuring food security	29	36
Improving economic well-being	27	38
Protecting biodiversity	19	43
Educating the population on climate change	17	58
Improving resource efficiency	17	46
Improving citizen participation in governance of sustainable development issues	16	50
Mobilizing youth to address sustainable development	16	51
Reducing greenhouse gas emissions	15	56
Creating more equitable societies	14	56
Preparing for climate change	12	61
Sustainable personal transportation	11	63
Sustainable transportation of goods and commodities	9	64

FIGURE 1.1 Global Expert Perspectives on the State of Sustainable Development

SOURCE: GlobeScan SustainAbility Survey of 1600 Sustainable Experts. Last accessed 09/23/2012.

reducing the proportion of the population without access to clean drinking water, are faltering in many regions. In climate-change terms, carbon dioxide emissions grew by 2.07 percent in 2013, increasing the total amount of atmospheric carbon to 400 parts per million.[13] To provide historical perspective, atmospheric carbon stood at around 280 ppm for the last million years as measured by ice core samples. By 2013, atmospheric carbon had surpassed 400 ppm,[14] a level that many see as putting us at risk for catastrophic climate change.[15]

In a 2012 survey conducted by SustainAbility and GlobeScan, 1,603 experts worldwide, drawn from corporate, government, non-governmental, academic, media, and other organizations, responded to a series of questions regarding the progress of sustainable development (SD) in the past two decades.[16] As Figure 1.1 shows, only three of seventeen indicators (empowering women, improving human health, and ensuring access to adequate water supplies) were perceived to have made slightly more "good progress" than "poor progress" over the past two decades. Several grievous problems, such as protecting biodiversity and creating more equitable societies, were estimated to have worsened significantly.

Poor progress is seen not only in terms of social equity. It also encompasses practical realities that businesses already care deeply about, such as improving resource efficiency and providing sustainable transportation of goods and commodities.

In light of these poor shareholder and stakeholder outcomes, to claim that business, as an institution, is materially contributing to a more sustainable world seems increasingly far-fetched. Could the idea of sustainability—the very term—be responsible for the poor results we observe? Are companies such as Tata and Natura, which are bucking these trends, actually doing something else? We argue that they are.

Book Tour by Chapter

Let us walk you through the territory ahead. Chapter 1 reframes sustainability as flourishing and outlines what we mean by the new

spirit of business. Chapter 2 provides the historical context, including the external market forces and internal motives that are driving a spiritual dimension into all enterprise. It examines our increased collective desire for meaning and our rising awareness that business is not contributing to environmental, health, and social sustainability at a larger scale. The foundation for our work is developed further in Chapter 3, which together with Chapter 4 provides a bridge between the concepts and actual practices aimed at flourishing. These reflective practices are described in Chapters 5 through 7, according to whether they are aimed primarily at the individual, at the organization, or at the systems level. Chapter 8 serves as a conclusion and as an invitation for further exploration.

Management has long concerned itself with individual motivation, commitment, and tenacity in the workforce. In recent years interest has deepened in areas such as emotional intelligence. Many theories of leadership take into account the affective states, that is, the moods and emotions of the people involved. Our contribution is to suggest that a range of reflective practices, some of which may be seen as spiritual (whether they have their roots in spiritual tradition or not), can facilitate the emergence of individual awareness of connection and the need for caring (for self, others, and the world). These practices foster a richer sense of creativity, which is critical for any enterprise to flourish. It is by tapping into the spiritual dimension that we are able to reach the threshold of an enduringly systemic view of sustainability. At the heart of this transformation is an awareness of connectedness between the world of human beings and all other forms of life.

Redefining Sustainability as Flourishing

If the term *sustainability* has run out of steam, we need not only a better meaning but a better word, one that points to fresh practices and the possibility of far better results. For us, as well as for a growing number of renowned thought leaders,[17] the right word is much more ambitious: *flourishing*. Flourishing at all levels—individual,

team, organizational, and global. Think of flourishing relationships, radiant health, thriving enterprises, and humming communities.

Flourishing is not anchored in mundane notions of continuity. It is not about passing along what is now available. Giving future generations the opportunities faced by the current generation may not mean much if all we now have is the prospect of bleak material survival. Instead, flourishing is about the world for which we all yearn. It's about "thriving," "doing well," and "prospering" (according to the Collins English Thesaurus[18]) and about "growing or developing in a healthy or vigorous way, especially as the result of a particularly congenial environment" (Oxford Dictionary[19]).

Our challenge is to realize and acknowledge how much we are caged in by ideas that are no longer working for us,[20] and to begin to see what can be made possible with the power of new words and new practices.

The word *flourishing* has the power to engage a broad range of people, from leaders to front-line employees and supply chain partners, in a way that *sustainability* simply does not. Companies that can see *flourishing* in their vision and mission are able to engage fully the potential of everyone in the company and to attract the best partners and stakeholders while also reducing employee turnover. Employees in and partners of flourishing organizations are better at working together and are more creative and innovative. They build stronger relationships with customers, who in turn do much of the marketing on the company's behalf. These kinds of benefits allow companies to deal better with the realities of a complex and volatile world.

Whole Foods co-CEO Walter Robb talks about the importance of giving employees a powerful and inspiring purpose:

I always ask new Team Members how and why they have come to work for us. After what at this point are thousands of individual conversations, I can tell you that besides our reputation for being a good place to work, the single most important reason is that we line up with their own personal values and that they truly feel we are a place where they can make a difference in the world.[21]

Marcelo Cardoso, a senior vice president at Natura, told us,

We started by creating space to talk about meaning and purpose. It was an opportunity to reflect about legacy: What is each person's purpose in life that is greater than their own existence? What would allow them to die with a sense of integrity that their life was worth living? Asking this question to your employees and challenging them around how they can begin creating their purpose now will have tremendous impact on their lives and ultimately on their performance.

Clearly the idea of *thriving* is quite different from that of *surviving*—in part because flourishing must be at the core of the organization's purpose. It has such a profound ripple effect that it cannot become the side initiative that sustainability has been. We invite you to join with us in awakening and motivating organizations to work toward "the possibility that humans and other life can flourish on earth forever."[22] It was this definition of flourishing, offered by John Ehrenfeld, this reframing of sustainability, that created resonance among those of us who wrote this book. Pursuing a 150-year vision in addition to the typical three- or five-year plan puts an organization on the path of immense and important work. We will need to redesign our economic systems, to change laws and policies, and to find vast new opportunities for businesses to generate sustainable value. This undertaking can quickly feel overwhelming, but don't panic. Many people around the world are already at work on this important task and many more are waiting to be engaged in the social movement that is presently under way, as described by Paul Hawken in his bestseller *Blessed Unrest*.[23] Where do we begin? A first step is right in front of us. We need to recall how to flourish as individuals, not just economically but in every dimension of life, including in what some would call the domain of our hearts. Amy Spatrisano, a principal at the sustainable meeting management firm MeetGreen and cofounder of the Green Meeting Industry Council, shared with us her initial apprehension about entering this "soft" domain. "Originally, 'speaking from the

heart' was a foreign concept in relationship to business that caused my palms to sweat. I'd quickly change the subject since nowhere in my learning about business success had I been taught to include compassion or anything connected to it. What I realize now is I'd been missing the immense power of engagement and enrollment that such practices offer. We have consistently seen our contribution expand, with incredible results, when we are coming from our hearts."

Many of the business leaders and scholars we interviewed shared with us their own realization that something was missing for them in the business equation. Like us, they sensed that the missing piece of the puzzle might lie in the dimension of spirituality, connection, and caring for others. We know from research and our own experience that many business people who as individuals are caring feel unable to bring their whole selves to their work. People often joke about having to leave their nobler half outside the office door, but that missing half contains their creativity, heart, spirit, and personal integrity. Having left those qualities at the door, they wrestle with business decisions in ways that may be in conflict with how they think about what is important. In the culture of business, as they experience it, such conflicted decisions are too often the norm. In some cases, organizations are simply missing the richness of people's thinking and experience. In more troublesome cases, the organizations end up in a public crisis that literally strips them of value as a result of people being unable to stand up for what they believe.

What We Mean by Spirituality

How can we talk sensibly and practically, at work, about spirituality? Having explored the broader meaning of sustainability as flourishing, we turn now to the frequently mysterious and often troublesome term *spirituality* as it is currently used in the context of business and as it might serve our quest for flourishing.

As many business practitioners reminded us, the word *spirituality* is fraught with ambiguity and misconception. It can sound "new-agey"

to those who are religious, and misguided and even like infringing on personal liberties to the nonreligious. For others it is too soft to be practical for the bottom-line mindset that prevails in the corporate world, even though, as we show in this book, it is key to very tangible business benefits. For anyone intent on understanding the role of spirituality in shaping our lives, our careers, and our organizations while not necessarily wanting to enter into a conversation about spirituality for its own sake, we hope to give you a definition that is universal, accessible, and relevant. We provide language and a conceptual meaning that are intended to be both precise and "safe" to use at work.

Spiritual leadership pioneers Danah Zohar and Ian Marshall provide a good introductory definition of spirituality. They begin by drawing on "Webster's" dictionary definition of spirit—"the vital principle or animating force traditionally believed to be the intangible, life affirming force in self and all human beings". They go on to define spirituality as "to be in touch with some larger, deeper, richer whole that puts our present limited situation into a new perspective.[24]" Louis W. Fry proposes two key ideas that ultimately became the foundation for much of our own work: the *search for meaning* and *consciousness of interconnectedness*. On the basis of these two ideas, Fry defines spirituality as "the source for one's search for meaning in life and a sense of interconnectedness with other beings."[25]

This definition is echoed in an empirical study by Ian Mitroff and Elizabeth Denton, published in the *MIT Sloan Management Review,* in which interviewees drawn mostly from business organizations defined spirituality as "the basic feeling of being connected with one's complete self, others, and the entire universe."[26] Mitroff and Denton conclude: "If a single word best captures the meaning of spirituality and the vital role that it plays in people's lives, that word is 'interconnectedness.'"[27]

We build on the work of these researchers as well as on our interviews with business executives and thought leaders to define spirituality as *a way of experiencing the world and taking action that leads*

to caring, based on a personal quest for connectedness and meaning. Such an orientation can lead to a more relationship-based way of experiencing the world, which in turn enables actions that support flourishing enterprise. It is an orientation that contributes (and adds energy) to the reinforcing loop of caring, commitment, and calling, which makes it quite different from the analytic learning behind the business case for sustainability, or the emotional and moral appeal for greater responsibility.

A case in point: Jon Coleman, director of marketing and sales at Ford Motor Company, sees authentic action that demonstrates strong values as one way that spirituality contributes to more powerful ways of doing business. In our interview with him, he said that when he finds potential customer companies that have strong values (for example, Merck and its focus on water), he looks for ways that he can demonstrate values alignment as one of the foundations of a stronger partner relationship. This approach goes beyond costs to something deeper and stronger. Says Coleman, "If sustainability is viewed only from a cost savings and efficiency point of view, then the opportunities are limited. But if it is viewed from a creativity and innovation perspective, the sky is the limit."

How Is Spirituality Different from Religion?

This is a thorny question for many readers. Volumes could be (and have been) written on the topic, but here we content ourselves with a brief but powerful distinction offered by the Dalai Lama:

Religion I take to be concerned with faith in the claims to salvation of one faith tradition or another, an aspect of which is the acceptance of some form of heaven or nirvana. Connected with this are religious teachings or dogma, ritual prayer, and so on. Spirituality I take to be concerned with those qualities of the human spirit—such as love and compassion, patience, tolerance, forgiveness, contentment, a sense of responsibility, a sense of harmony—which brings happiness to both self and others.[28]