

**CBODN's OD-ICD SIG**  
**"OD and Sustainability:**  
**Drawing Lessons from OD-Driven Corporate Sustainability Efforts"**  
**Tony Bond**  
**December 9, 2010, 6:30 to 9:00 pm**  
**Carey School of Business, Johns Hopkins University**

**Meeting Notes with Major Discussion Themes**

**Overview**

Eleven participants were present from diverse backgrounds. Kristen Barney, SIG Leader, provided an overview of the SIG Mission and Principles, and introduced Tony Bond, Principal of Nuspace Consulting.

**Introduction**

Tony began by saying no one is an expert on sustainability, because it is so new. This gives a lot of opportunities to create new work through sustainability.

Tony said relationship is the basis for sustainability, and therefore shared about his family (wife Tammy and college-age children Aaron and Amber) and their individual and collective dreams. Each family member has their own profession and aspirations in the areas of spiritual direction, nutrition, positive psychology, sustainability, and more. Collectively, they have a vision to help homeless people through social entrepreneurship. The family is also united by a love of basketball.

From a Corporate Social Responsibility (CSR) perspective, relationships and dialogue with customers, NGOs, government officials and other corporations can generate positive change.

Tony's professional background emerges largely from his studies at Case Western Reserve, with a focus on positive psychology and sustainability, and his connections with Arizona State University, which is also a hub for sustainability. Tony saw that many environmental efforts in corporate America could be considered "greenwashing" and that Corporate Social Responsibility was merely compliance. He decided to show companies how sustainability could become a competitive advantage and result in more market space for companies that were being creative with sustainability. This is the business imperative for sustainability among companies, because otherwise they will not survive the coming changes.

Nuspace Consulting, Tony's company focuses on social enterprise and social innovation with small to midsize companies. Midsize companies are often the last to get on board with sustainability. He also partners with Sustainable Value Partners, founded by Chris Laszlo, who works with larger corporations on integrating environmental and social thinking into business strategy.

Social innovation, Tony says, is the intersection of solving both social and business needs. Solving social needs also needs to have a payback to a business. The area where social and business results overlap is where he encourages companies to focus. For example, Marriott was having trouble finding skilled labor for certain positions around the world. Meanwhile there were lots of people out of work. Marriott created the Marriott University to train unemployed people for jobs that Marriott needed filled at a low wage. Both parties benefit.

## What Is Sustainability?

**Slides 3-9** review some definitions and views on sustainability, such as the Bruntland Commission Definition, and views from business, science, philanthropy, and the United Nations. Since the 1980s there has been an evolution of thinking that sees partnership and engagement of multiple sectors – business, nonprofits, governments, and more – as critical to a sustainable path.

## How Did We Get Here?

Tony engaged the participants to find out how the world got to a place where sustainability is such a big challenge/issue. Participant responses included: we've been using up too much stuff; the 1992 Rio Summit raised awareness; there has been an external push on companies like Nike and oil companies which had poor practices, and this created an opening (e.g., the pressure came from outside the companies); and Walmart put lots of money into Katrina recovery and is now considered a leader in corporate sustainability.

Tony shared a causal-loop diagram that showed how human beliefs and practices have changed over many millennia through today. Tony chronicles the way human labor, industry, technology, and beliefs interface with nature. As unintended consequences (e.g., pollution, erosion, etc.) begin to impact human societies, ecological systems upon which humans depend begin to collapse, and hope for the future fades. But some other unintended consequences also emerge: such as the Internet and instant global communication. These consequences bring hope and possibility. He ends this sequence by naming the current period the Transcendence period, when human activity is “consciously and biologically systemic,” meaning that we are aware of the consequences of our activities and take them into account in our planning and vision. This awareness is accompanied by humanity’s “exuberant optimism” that we can solve any problem, even a problem of the “commons” – something that everyone and no one owns, such as the climate. (This is a brief summary which does not do justice to Tony’s presentation and slides, which unfortunately could not be included in the attached power point.)

As noted before, Tony believes that sustainability begins with relationship. He believes in starting with the personal. So he told the story of a Thanksgiving Turkey which was gifted to his family. The turkey had to be picked up at a farm, and upon arrival, they met their Thanksgiving Turkey – still walking and making noise. To make a long story short, this experience completely transformed Tony’s view of eating turkey on Thanksgiving.

When working with executives, to help them understand sustainability, Tony tells this story, and also asks the executives to take on a personal sustainability project. This project may be to learn everything they can about how they get to work every day: where does the energy come from, where does the pollution go, etc? By making sustainability personal, measurable, and bounded, executives can learn to understand how it relates to their personal lives and to the business.

Continuing on the question of “How Did We Get Here,” Tony referred to **Slides 11-15**, beginning with a description of the worldview which prioritizes Economy over Society and Nature (**Slide 11**) and shows how we need to reverse the priority: Nature, then Society, then Economy (**Slide 12**). We thought Economy existed first, and Nature last. In fact, it is the opposite, because the Economy is completely dependent on Nature first, and Society second. We have to change this “mental model” to align for sustainability. **Slide 13** shows the outcomes and indicators for these three arenas, and shows what we need to strive for and how to measure progress. In response to a participant question, Tony referenced Jeff Sachs’ book, *The End of Poverty*, which presents a strategy for helping to pull the “bottom billion” out of extreme poverty to the point where they can begin to be responsible for their own economic growth.

Tony presented the four big sustainability challenges (**Slide 14**): Energy and Climate Change; Food and Water; Waste and Toxicity; and Poverty and Social Justice. He also presented some major sustainability facts (**Slide 15**): there will be 9 billion people on the planet by 2040;

agriculture produces one third of all greenhouse gas emissions; there are industrial ecological challenges; and there are portions of the world that will become nonviable because of climate change over the next 50 years, and many of these are the poorest places now. Tony agreed with a participant who said security should also be among the top challenges.

Tony engaged the participants with several questions to reflect on the material presented to this point (**Slide 16**): what is sustainability and why should we care? Participant responses included: people are looking for something different in employers today – prospective employees do not believe they need to choose between doing good and earning money; we will run out of resources, and that is the basis of business. Tony summarized by saying: I don't tell businesses to engage with sustainability because it's the nice or right thing to do; I tell them sustainability is a way to create a competitive advantage for the reasons mentioned by the participants.

### **What Is a Sustainable Business? (Slides 17-19)**

Tony shows the existing business model (“take, make, waste”) (**Slide 17**) and a new, more sustainable model: borrow, use, return (**Slide 18**). These are both mental models and also physical models of how business thinks of our natural resources. The model needs to change so that used materials (e.g., wastes) are reincorporated in positive ways into the economy. This is called “closed loop” production, because the model recognizes that unless we find new uses for wastes (to cycle them back into a closed-loop economy), we will drown in them and run out of raw materials.

Tony engaged the participants in an exercise to analyze a value chain for a cotton apparel company. **Slide 19** shows the different stages of creating, using, and disposing of a cotton product, and all of the issues that are associated with each stage. This demonstrates the unsustainable “take, make, waste” model shown on **Slide 17**.

In response to a participant question about “how to start the sustainability conversation” with business executives, Tony replied, “it depends.” The big opportunity that is developing now is that people are starting to look at the whole value chain. Large companies (e.g., Walmart) are putting pressure on the suppliers in their value chains. This is called “extended user responsibility.” This pressure from a big economic player is creating more openness. In other cases, some CEOs are socially aware and are ready to lead their companies into sustainability.

### **Corporate Social Responsibility (Slides 20-22)**

Tony indicated that this term, and the behaviors and programs under its rubric, need to be adapted to address longer-term impacts instead of shorter-term and compliance issues. He advocates for involving people who are closest to the impact – that is where the positive impact can occur rather than at headquarters.

A participant raised the issue that the case of Walmart is complex, because despite its recent good works, Walmart puts small businesses out of business. He noted an interview with the CEO of Walmart, who would not respond to a question about putting small businesses out of business. Tony was aware of this larger issue, and continues to monitor and learn about it.

### **Why Sustainability Is Challenging and What To Do About It (Slides 23-32)**

Tony said, if you are looking for a niche, helping companies implement sustainability is an area of growing demand. Our laws are not conducive to sustainability; forces against sustainability constitute a juggernaut; and the stock market rewards the opposite of sustainability. Even when higher levels of corporate leadership are bought into sustainability, the middle managers struggle with the tradeoffs. Companies that are into sustainability are often not able to integrate it into their culture. That's what's missing. Implementation is hard because the payoffs are not as clear. You have to wait for the payoffs and the decision-making is more complex.

A way to move sustainability forward is to engage in “Design Thinking,” used to great effect by Tim Brown, CEO of IDEO. Often there is a tension between two elements in a company such as analytics and marketing. The company can get stuck in this tension, when actually there is a third and new way of thinking about issues.

Tony described three modes of thinking about sustainability (**Slides 25-27**). Mode 1 is characterized by Compliance and Disclosure. It is grudging acceptance of sustainability. Mode 2 is taking on Responsibility and Sustainability – going beyond compliance. Mode 3 sees sustainability as an opportunity for Revolutionary Renewal. Mode 3 takes on sustainability as a way to leap-frog a company ahead of the competition by embracing sustainability deeply.

Next Tony presented a Model of Expanded Benefit (**Slide 28**) which examines the mutual benefits for a company and society in the three Modes. Tony uses this diagram to help focus companies on the “Zone of Mutual Benefit,” so that sustainability helps companies to evolve and prosper while providing maximum benefit to society. He outlined the value created by using Mode 3 thinking on **Slide 29** and outlined key areas of focus on **Slide 30**. He also noted that businesses need to stay focused on what sustainability must lead to in order to create competitive advantage for businesses (**Slide 32**): better products, more engaged employees, and more sales/market space.

### **Organization Development (OD) and Sustainability (Slides 33-41)**

When getting started in sustainability, Tony emphasized transparency and engagement (**Slide 33**). He noted that in some ways it is a change process like any other. He recommended the book, *Becoming an OD Practitioner* by Eric Nielsen (1984), which Tony finds the most useful reference for practitioners working with sustainability despite the age of the book.

Since the participants may have different ideas about what OD is, Tony presented a review of definitions of OD from various sources (**Slides 35-41**).

### **It Starts with Leadership (Slides 42-45)**

Change starts with leadership, so how does one help the leaders to understand the importance of sustainability? A mental model (or paradigm) begins with intent and results in a design, which creates an artifact, and from there emerges a system (**Slides 43-44**). To make change, one has to confront the leader’s mental model. The late Donella Meadows, one of the early researchers and writers on sustainability, identified twelve places to intervene in a system, and the number one (most effective) place to intervene is to have the power to transcend paradigms (**Slide 45**).

### **Leadership Competencies for Creating Sustainable Value (Slides 46-51)**

Tony has identified five leadership competencies to focus on with leaders:

1. Well Being and Vitality. Tony begins here with leaders by engaging them in personal sustainability projects. He helps them to experience where data sets come from by having them conduct their own projects. Once they understand sustainability at a personal level, they can understand it for the company. He gave an example of having an executive with Bayer North America complete a project studying how the executive got to work. Many executives are living unsustainable lives in terms of work-life balance, and that creates an opportunity for personal reflection.
2. Fully Listening. This is essentially diversity and inclusion taken to a higher plane. A focus on listening helps us realize the lenses we use and helps us manage our personal reactions. How we listen makes all the difference.

3. Transparency along the Life Cycle Value Chain / Telling the Truth. It can feel like a leap of faith to begin telling the full truth and trusting that it will give a competitive edge by creating new and better relationships for the company.
4. Stakeholder Collaboration and Partnership for Innovation. Creating processes to open to outside exposure through tools like Appreciative Inquiry can help to transform partnerships and build broad commitment for sustainability. It is a co-creation process that includes customers, NGOs, and even competitors.
5. Moving Others to Action. This is about engaging hearts and minds, as well as linking sustainability and accountability. Ultimately sustainability is an emotional sell, and measuring our own impact makes it click.

### **Intentional Change Theory (Slide 53)**

Richard Boyatzis, who has worked in fields as diverse as aeronautical engineering and psychiatry found ways to work with people so they did not go back to their addictions. His secret has to do with identifying the ideal self, and not just pushing away the old or real self. As an example, Tony contrasted the devastating situations in Cambodia and Rwanda, both of which experienced genocide. In Cambodia there was an effort to start over with Year Zero, putting the past behind. But no real change happened because the ideal self was never identified. In Rwanda, on the other hand, the new President engaged people in creating an ideal vision for the country. They created common ground. There has been strong progress in Rwanda.

The participants discussed the materials presented to this point. There was a comment that the Intentional Change Theory resembled the Performance Management Model. There was a questions about the implementation gap – how to move beyond this. Tony said that working in an appreciative mode is powerful: people tend to shut down when looking at problems. The sympathetic nervous system creates a more rigid, less creative frame of mind. Working with strengths and the positive activates the parasympathetic nervous system which supports creativity and receptivity.

There was a reference to Marcus Buckingham's book, *First, Break All the Rules: What the World's Greatest Managers Do Differently* (1999).

### **Case Exercises (Slides 54-61)**

Tony prepared three cases for the participants to examine and make suggestions about how to move forward, and we had time to review the first one.

Case 1: National Logistics Firm (**Slide 54**). Following a discussion, Tony shared how he approached this case. The question was how to get the CEO to think more broadly than leadership development needs when the true needs were for strategic planning and for catching up with its clients who were ahead of the company on sustainability. The CEO was thinking inside the organization; Tony as a consultant was thinking on the periphery, because that is where change will come from. Tony used a 2x2 matrix (**Slide 55**) to analyze the condition of the company, determining it was a "collaborative organization." For a collaborative organization it was essential for more than a few leaders to be involved. The company did an offsite retreat, and focused on "leadership development for a world of uncertainty" (**Slide 56**). They focused on several key leadership competencies: taking an ecological perspective, making sense of rapid and abrupt change, and working positively with anxiety. **Slide 57** describes the strategic planning process they then pursued. They used Pareto Analysis, or how to get 80% of the value from 20% of the work, and emphasized continuous scanning of the external environment of the organization.

Tony summarized by saying that commonality between regular and sustainability consulting is that the people who need to talk with each other normally do not talk with one another.

We watched a video at [ecomagination.com](http://ecomagination.com).

### **Evergreen Cooperative Laundry Project (Slide 62)**

Tony described two cases where social enterprise was used to meet both business and social needs. The first was Evergreen Cooperative Laundry in Cleveland. (The second, described below, was in Brazil.) Cleveland has some strong anchor institutions which are surrounded by unemployment and decay. There was an effort to resurrect the community by buying local and buying green. The need was met by starting worker-owned cooperatives to also jumpstart the local economy. It has been a big success, giving low income people a new beginning and meeting anchor institutional procurement needs locally.

The Evergreen project was orchestrated by the Democratic Cooperative (<http://www.community-wealth.org/>), a project of the University of Maryland-College Park. This university-based organization brought analytical rigor and real-world examples to the project. The challenge put to Tony by the leaders was how to bring the green/local cooperative movement to scale nationwide? The way Tony approached it was to use action research. He worked to find out what the potential funders felt about the organization and its prospects. He asked them why they would or would not fund the project. They explored what the organizational capacity was to bring the project to scale nationally. They saw that the organization was personality-driven, so asked: how is it sustainable? They got the funders around the table to talk, and also explored organizational structures that would support bringing the project to scale nationally.

They also used Galbraith's Star Model, which is a five-pointed diagnostic model incorporating Strategy, Structure, Process, Rewards, and People. They used this to think about how to design the organization. They developed a five-year strategy document, but discovered they needed much more. They needed to engage the stakeholders to transform part of the community and downtown. They also explored how to scan the environment, working with the "three whys."

### **Brazilian Sustainable Tourism Company (Slide 63)**

Tony described a project that took place in the Brazilian Amazon, where community members feared to leave their home area because there was a real threat that their land would be taken in their absence. Yet they had little or no economic activity in the area. An Appreciative Inquiry Summit in August 2010 was held with a wide range of stakeholders, some of whom could not read and many of whom did not speak a common language. They explored the possibility of engaging people in developing ecotourism – bed and breakfasts and similar businesses. We watched a video of the AI Summit which was conducted in Portuguese, (<http://www.youtube.com/user/aokabrazil>). This Summit was the beginning of a sustainable industry in the heart of the Amazon forest.

The process also used Human Centered Design (HCD), described on **Slides 64-65**. HCD recognizes that in order to be creative, groups have to move from concrete observations into an abstract space where receptivity, creativity, and possibility are available. After doing the creative work, the delivery and implementation take place in a concrete mode. Using HCD and AI together, allowed the group – made up of biologists, indigenous peoples, and potential customers – to hear, create, and deliver together. Together they worked like anthropologists to understand who the local people were, how they lived, and how they could use the whole system to create something sustainable. In the end, the group created a sustainable tourism industry: they held onto their land, and stayed to create their own businesses and are beginning to build some wealth.

Another example of HCD comes from a project in which Tony had a minor role. It was conducted by a well-known consulting firm at the Cleveland Clinic. To be in the concrete, observation mode,

they placed someone on a gurney with a video camera, and filmed the entire intake process from the perspective of someone on a stretcher.

**Personal Sustainability Projects/Practices (Slides 66-73)**

Although time ran out and we were not able to cover the last slides, Tony has included them in the power point. They provide more detailed information on challenges for executives and ways to engaged them toward sustainability.