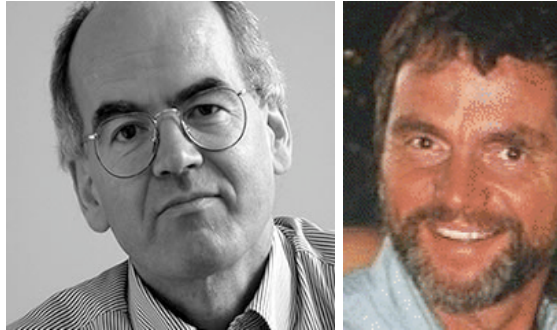


## TWENTY YEARS AFTER



**John Elkington<sup>1</sup> interviewed by Joe Laur<sup>2</sup>**

**John Elkington established SustainAbility<sup>3</sup> in 1987 and since then has been advising clients on the risks and opportunities associated with corporate responsibility and sustainable development. For 20 years SustainAbility has been working at the interface between market forces and societal expectations, seeking solutions to social and environmental challenges that deliver long term value, understanding business and what society expects of it. They have a global network of partners and offices in London, Washington D.C. and Zurich, SoL Sustainability Consortium<sup>4</sup> Steward Joe Laur interviewed John in London in February.**

### **Joe Laur**

John, thanks for the time today, and congratulations on marking the 20th anniversary of SustainAbility's inception.

Tell me, how did you get started in this endeavor to begin with? 20 years ago, what did you have in mind?

### **John Elkington**

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<sup>1</sup> See <http://www.sustainability.com/about/profile.asp?id=7> and <http://www.johnelkington.com>

<sup>2</sup> Of SEED Systems (<http://www.seedsys.com/>) and the Society for Organization Learning Sustainability Consortium (<http://www.solsustainability.org/interviews.htm>)

<sup>3</sup> <http://www.sustainability.com>

<sup>4</sup> <http://www.solsustainability.org/interviews.htm>

It's a difficult question, Joe, because while SustainAbility's been running for 20 years, I started off professionally in this field, at least in the environmental area, at the beginning of the 1970s. But to your question, I was involved in the mid-1980s in a foundation called Earthlife, which had a series of financial problems. My team had a couple of projects that we had raised funding for, but all of the funding had been swallowed by the financial black hole at the center of the foundation. With a colleague, a very young woman named Julia Hailes<sup>5</sup>, I was facing a difficult challenge: Do we abandon those projects or do we carry them forward?

We decided that we would carry them forward, but in a new organization. We did something which at that time was really rather unusual—we set up SustainAbility as a limited company (later incorporated in the States) to protect ourselves against the financial risk that we felt we very likely faced.

As it happened, weirdly, that limited company status seduced some really large companies, like Procter & Gamble, into believing that we knew how to run a business and that we were a bit more business-friendly than some of the rest of the landscape. So that's how we started, somewhat accidentally.

### **Joe Laur**

Like so many things in our lives, an unintended consequence of action taken for another reason! So you've been at this personally for over 30 years, even though SustainAbility's been around for about 20.

### **John Elkington**

Yes. But there's a twist. I now work with WWF—the Worldwide Fund for Nature, or World Wildlife Fund in the U.S.—as a member of their Council of Ambassadors<sup>6</sup>. Which would have surprised me back in 1961 when I was aged 11: that was the year WWF was founded. I raised money for them. I was away at school, and I got all of the boys to donate pocket money for two weeks. And, you know, for many years I had no idea how that had started.

Then I set up a company in 1978 called Environmental Data Services<sup>7</sup> with two other people. One of them was Max Nicholson, one of the founders of WWF. And he asked, "What got you involved in all this?" And I said, well, all I remember was being paralytically shy at the age of 11, but standing up at school and asking for this money—and getting it. And then getting a letter from Prince Philip saying 'thank you.' And it had been pretty much a bolt from the blue.

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<sup>5</sup> <http://www.juliahailles.com>

<sup>6</sup> <http://www.wwf.org.uk/annualreview/0506/ambassadors.asp>

<sup>7</sup> <http://www.ends.co.uk/>

And Max said, “I know exactly where that bolt came from. WWF got 24 pages into a major newspaper on conservation issues.” And as soon as he said that, I could remember going into the library and seeing this newspaper on a reading stand, opening it up, starting to read, and thinking, My God, I’ve got to do something. It had all been wiped from my memory until he mentioned that. It was really rather strange to see where the seeds had been sown. Though you know, they fell on fertile ground. I had grown up in places like Northern Ireland and Cyprus, and been immersed in wildlife.

And how did you start, Joe?

### **Joe Laur**

I was just thinking about that. I grew up in the state of Wisconsin and Gaylord Nelson was one of our Senators at the time. He helped to spearhead the original Earth Day<sup>8</sup>. And so I was 17 or 18 when the first Earth Day rolled around and the late 60s environmental and social issues were awakening my adult consciousness. As a boy I had always gone afield, hunting and fishing with my father, and had been taught a conservation ethic by him. Only to take what you need and leave the place better than you found it, that type of thing. A Teddy Roosevelt type conservation ethic. An ethic sorely needed today in some quarters.

So I had that kind of fertile ground. Where I grew up there were a lot of farms when I was a boy. But by the time I was 13 or 14, it was all houses, all development, all the farms had been turned into suburbs. So I think that did something to my psyche, too.

### **John Elkington**

It’s amazing, isn’t it, how often the environmental, conservation elements are all scrambled in our experience with the social and economic and political dimensions, right from the very start. Actually, Joe, I think we ought to do the interview this way, both stories intertwined.

### **Joe Laur**

Wonderful idea, John. For me, the social aspects of sustainability weave in at an early age, too, I remember being 4 years old in my father’s dump truck—he was a contractor—driving through an African-American neighborhood. At that time, in the 1950’s it was called a “Negro” neighborhood in the U.S.

And I remember him telling me, you know, people are mean to these people and you shouldn’t be. You should always be nice to all people and stand up for them and don’t call them names. I remember getting that education at the age of 4. He didn’t always live that in his own life, but in the 1950s and 60s. He had mixed-race crews

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<sup>8</sup> <http://www.earthday.net/> and see also [http://en.wikipedia.org/wiki/Earth\\_Day](http://en.wikipedia.org/wiki/Earth_Day)

in his construction company. That was uncommon. My time with my dad brought the social and the environmental together.

### **John Elkington**

So often people in this field can track back the story of what turned them on to their early years. For me it wasn't just environmental: it was social and political. In Northern Ireland we were sandwiched between the Protestants and Catholics, in Cyprus between the Turks and the Greeks. And then, very briefly, in Israel I found myself bouncing between some very large clods of history. And I came out of that with this feeling—well, this deep unease about religions. Alongside that, though, I was fascinated by the complexity and diversity of peoples and cultures. So overlaid around that concern about the environment was this other stuff.

Interesting, too, that you mentioned Earth Day. I was thrilled to find myself on the international board of Earth Day in 1990 and felt so privileged because, when it happened in 1970, it was very much a U.S. initiative. And Denis Hayes, who I met in the early 80s, was one of the drivers of the 1970 campaign, and then led the international push in 1990. Extraordinary to be part of all that period as the environmental movement was going even more international, more global in the late 1980s and early 90s. Then, 20 years ago, sustainable development pushed through as a broader agenda with the social, economic, governance elements mixed in.

### **Joe Laur**

This might be just a U.S.-centric point of view, but a number of people have noted that in the late 60s, early 70s, it seemed that the U.S. was leading the world in environmental legislation. Some of the initiatives were truly groundbreaking. The Endangered Species Act was the first time that another species was given legal status.

But certainly we were near the front of the pack in North America. Now, 30 years later, 35 years later, it seems like the U.S. is lagging by a decade or two. At least it seems like that from the other side of the Atlantic, and it seems that Europe is in the front of the pack. What's your perspective on the leapfrogging between the two societies?

### **John Elkington**

In 1981, I got a Churchill Fellowship and took it in the States. I remember going to the Rockies at one point and talking to a molybdenum mining company. I remember talking to one of the vice presidents there, and he said something that stuck in my mind. He said, In the U.S., we really do pioneer. But the political pendulum swings wildly—and periodically it smashes back through the wall of the clock. I think we've seen that a couple of times since, as first Reagan and then Bush the Younger tried to roll back environmental controls.

Clearly, some wonderful work was done, but in retrospect quite a lot of it was done by lawyers and people who didn't totally understand how business is done. It may not have been vindictive, but a lot of the regulation as dumped into the lap of business wasn't actually terribly helpful if you were trying to run a business. It's interesting that Bill Drayton, who later formed the Ashoka Foundation in support of social entrepreneurs, was one of the key people at the EPA who came up with the 'Bubble Concept' that ushered in a period of smarter regulation.

The U.S. has clearly been a driver in all of this, with Europe sometimes slipstreaming and sometimes taking a rather different track. And there were echo effects, with the U.S. approach cascading across the OECD, rich-world region in the 1970s and 1980s.

When we set up SustainAbility in 1987, we were initially doing a couple of book projects. One of them was called *The Green Consumer Guide*. I'd first come up with the notion of the 'green consumer' in 1986. That book really jumped us to a different level, selling one million copies in 18 months. It went into 20 foreign editions. It went to number one in five different countries, if memory serves. And suddenly—for example, in the UK, we had the *Financial Times* covering what we were doing something like 12 times in three months, some of them quite major pieces. An astonishing time.

Because of the ozone depletion issue and a bunch of other controversies that brought environmental issues right down to the consumer level, people really did want to make a choice and they wanted environmentally friendlier products. We helped them do that in a series of books, among them *The Green Consumer's Supermarket Shopping Guide*, *The Young Green Consumer's Guide* and *Holidays That Don't Cost the Earth*. You get the drift!

In retrospect, we caught the wave, we surfed it, and, to some degree, we helped focus its energies. In the U.S., we were slow off the mark. Penguin did the book there, as *The Green Consumer*, but by the time it came out we were awash in *50 Ways to Save the Planet* and so on. People had seen what was happening in Europe.

And the counterintuitive part of it—I thought we were committing commercial suicide. I thought that by focusing on brands, linking them to environmental issues, looking behind the brands and naming companies in these books, that we were basically making ourselves pariahs in the consulting field—which is where I had worked between 1974 and 1978, and then again from 1983. But what actually happened was that we suddenly had companies like Unilever and Procter & Gamble almost fighting on the front doorstep, saying we want to work with you, at director level, long-term. But incidentally, we don't want you working with any part of Unilever—or Procter & Gamble—whatever.

It suddenly started to become competitive. So we've gone from the policy and regulatory focus of the first societal pressure wave, to a market set of drivers from the late 80s, early 90s. This initially switched companies onto a competitive way of thinking about environmental performance, but that didn't last long. They soon slipped back to a sort of default setting, which was corporate citizenship, corporate social responsibility.

Very useful, too, but I really appreciate what Michael Porter is trying to say at the moment, for example in the December issue of the *Harvard Business Review*. He's arguing that the CSR, citizenship effort is institutionalized in the wrong places in companies. It's put in a place which makes people think—business people think—that this is marginal, peripheral, and not terribly important. What Porter is saying is that's wrong, that this is strategic. Not all of it, of course. But enough of it to be dangerous. If you don't get it in the right place and manage it properly, you're in deep trouble.

So that's the second wave. I think we went through a third wave in the late 90s, focused on globalization and governance, both corporate and global governance. And I think that wave was building quite strongly when it was hacked back by the 9/11 attacks.

But either that wave or a successive one is now coming up very, very powerfully. And, again, the focus has shifted quite fundamentally. Innovation and entrepreneurial solutions are increasingly in the spotlight. This chimes in with what Porter is saying.

**Joe Laur**

John, I think that's right. Next month SoL is sponsoring a conference in Atlanta on business innovation for sustainability. It's the second one; we're trying to do it on a biannual basis. You were with us for part of that in Dearborn two years ago.

**John Elkington**

Was it only two years ago?

**Joe Laur**

Maybe two and a half years ago. And this book that Peter Senge, Bryan Smith, Sara Schley and I are writing for Doubleday has a whole focus on the economic bubble. Like the real estate bubble and the stock market bubble, the bubble economy has been somewhat detached from social and natural systems in its conception, but not in reality. The rules of commerce and the laws of nature have been diverging for a couple of centuries and it's not likely that natural law will change anytime soon. Natural law will prevail, and people are seeing beyond the bubble, that if we don't do

something, the bubble may burst suddenly. The real question is not if the bubble is real. The question is how can we let the air out of it so we can get a softer landing?

**John Elkington**

In terms of what people might do—this is a Fieldbook? It's practical guidance on what they might do?

**Joe Laur**

There will be some of that at the end, yes. It's a little bit of a hybrid, because it is going to be a hardcover book and—but the first third of the book is laying out the broad concepts and seminal ideas, populating that with some examples and then in the center of the book we'll have stories of practitioners. And the third part of the book focuses on how can to get started, what can business folk and all the rest of us can do and examples of that.

**John Elkington**

Extraordinary. I can't wait.

**Joe Laur**

I hope it is extraordinary. And the entrepreneurship, the innovation, I think is the key. Because business is very good at innovation, it can excel at innovating. If you've given something that's descriptive rather than prescriptive and let business work within those design constraints, they can be quite innovative.

**John Elkington**

I think it depends then who the 'they,' the 'them' is in business. One of the problems through the last 10 years or so has been that much of this agenda has been captured by people in business who aren't terribly entrepreneurial, who aren't part of the new ventures part of companies. That doesn't mean that they don't do extraordinarily good work; most of them do. But I think that some of the work SoL has done with companies—like Xerox—which have been trying to build new business models or new product concepts and take them out into the market, that has been spot on. And that's very much where the mainstream now needs to move.

**Joe Laur**

What do you think it will take to foster that? Because for several years in the SoL Sustainability Consortium we had a project group that we called "Products and Markets" and the whole question was, "how do you develop the new products and bring the markets along to create demand for more sustainable products and products that are produced through sustainable processes? And, quite frankly, the group foundered, it was a big bite to take ...

**John Elkington**

It was too early, I suspect. I think it was certainly the right time for SoL and probably for many of the people who took part in it, but one of the things I've learned through painful experience is how important timing is in all of this. I have come up with a bunch of different concepts, only some of which have taken flight. In 1984, for example, I came up with the concept of 'environmental excellence' while I was working with the United Nations Environment Programme<sup>9</sup>. And it took root within the U.S., particularly among the heavy-end industries. It was the right time. The green consumer, a few years later, ditto. And the triple bottom line, in 1994, the same again. But on that one, I had struggled for about 18 months trying to get some language that would describe what we felt the forward agenda would be. And it just happened that when the language popped into my mind, the soil was ready.

What you were doing was clearly important, vital, and just too early. And I think what we're now seeing is a surge tide. Interestingly, I think very often the people who will make best use of these new conditions will not be the very large companies that we have got used to working with, the incumbent players. Indeed, if I look at my own work over the last five or six years, more and more of it has been with social and environmental entrepreneurs of one sort or another. This is where the new thinking is often coming from.

There's a real danger, if you're an NGO, that these people will actually overtake you, because they're no longer saying don't do this, you can't do that. They're saying, there are a bunch of things we shouldn't be doing, but that that creates a set of opportunity spaces—and so how do we set up business models and create products, service offerings or whatever? And they're starting very small, where they have much less to lose. It's the old story of creative destruction.

I'm really excited about what social entrepreneurs are doing—and I'm amazed that we've got this three-year grant from the Skoll Foundation<sup>10</sup> to support that side of our work<sup>11</sup>. But it's really important that, while we try and address issues like poverty or hunger or pandemics or whatever, that we work out where there are fundamental market failures and where the market—with the right prods—will likely work quite well. I look at the clean tech area in the U.S., for example, but also here in the EU, as an example of where the market may well work quite well. A very different era that is upon us. And on the whole, a lot of the really interesting change won't happen in the U.S., won't happen in the EU, it will happen in places like China, because that's where the problems are most blisteringly intense.

**Joe Laur**

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<sup>9</sup> <http://www.unep.org/>

<sup>10</sup> <http://www.skollfoundation.org>

<sup>11</sup> <http://www.sustainability.com/news-media/news-resource.asp?id=938>



You know, Peter Senge's been working in China quite a bit and we have folks from China that have come to the Sustainability Consortium meetings and a fellow from India working with Hindustan Petroleum and other companies in India and we would like to get some kind of consortium going in China and India, companies to learn together, collaborate and innovate together.

So, one part of my question is who's going to lead this evolution, revolution? Will it be more the entrepreneurs than the established companies? Will the "mammals" develop quickly enough? Will the "dinosaurs" be able to shift quickly enough?

### **John Elkington**

It's going to be a complex mix of the big and small, the old and the new. I find I'm increasingly working with venture capitalists. I now sit on the advisory boards of two venture funds, one here in London and one in California. And these are starting to look at areas like health, well-being, sustainable lifestyles, and clean technology. So some of the momentum is coming from there. Some of it's coming from the social entrepreneurs that we work with. Indeed, I've just finished a new book with Pamela Hartigan, who runs The Schwab Foundation<sup>12</sup> in Geneva. It's called *The Power of Unreasonable People* and it's due out from Harvard Business School Press first thing in 2008. The 2006 Nobel Peace Prize going to Muhammad Yunus of the Grameen Bank has clearly helped, but this is very much a business and market trend, too.

So I don't think it's an either/or. It's both/and, as usual. If you talk to the entrepreneurs, as we've done, what you find is that they don't feel at all that they're superheroes. They don't feel that they can do all of this on their own. They feel that governments have to play their role; financial markets have to do their piece; that companies have to get actively involved, through their value chains, their skill sets, and their logistical competences and so on. I picture us operating as a sort of a broker, a bridge builder between the mainstream business world and the world of these change-makers.

Many of these people operate in a not-for-profit mode. There is no real market for what they are trying to do. But, increasingly, we feel you've either got to have hybrid not-for-profit/for-profit, or even full-blooded for-profit ventures if you're going to be able to scale this stuff up. Which, 20 years on, takes us back to where we started in setting up as a limited, for-profit company in the UK and then later incorporated in the U.S. But with a social and environmental mission.

Just maybe we're recognizing something because it's similar to what we are and it's like us, and maybe we're in danger of over-stressing the for-profit side. But I think it is becoming more important and long-term it's going to be fundamental. If we don't

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<sup>12</sup> <http://www.schwabfound.org>

work out how to do this through markets, with business, it's not going to happen on a sufficient scale.

**Joe Laur**

I just wonder if the future will hold a lot of new forms, in organizations, products, processes, just as we see automobiles now that are hybrids, it's not quite a pickup truck, it's not quite a sedan—and, of course, in nature, you see every variety of creature, it's not just a distinct demarcation between each species or group. I wonder perhaps if the organizations that form and carry us forward will be hybrids, For example, there are groups like Forest Trade that are in business, but they really think much more like an NGO than they do like a business. And some NGOs that have much more of a business mindset and some have both elements—Rocky Mountain Institute has its for-profit consulting branch and corporations like Schlumberger are funding this wonderful SEED Schlumberger Project all around the world for education and kids in the poorest countries.

So I wonder what forms we'll be seeing in the next generation or so.

**John Elkington**

I think that hybridization will produce some really rather odd chimeras, things that, look as though they're grafted or stuck together. But a friend and colleague you may know in California, Denise Caruso, runs the Hybrid Vigor Institute<sup>13</sup> and focuses on the ways in which cross-fertilization and mixing together of different ingredients in science or technology or whatever potentially jumps you to a different level. And I think a lot of that stuff won't work. Clearly, a lot of the early experiments, these hybrids, will fail for a variety of different reasons.

**Joe Laur**

Like most of nature's experiments fail.

**John Elkington**

Absolutely.

**Joe Laur**

But the 5% that catch hold really do the job.

**John Elkington**

Exactly—and I think that one of the key things that our whole movement has to be doing is not just thinking about how do we fuse different components together to create these hybrids, but how do you create the enabling conditions in which that 5% is better able to take hold and to scale and replicate in areas where markets don't work very well. The work of C.K. Prahalad, Stu Hart and others on the bottom—or

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<sup>13</sup> <http://www.hybridvigor.org/>

base—of the pyramid market opportunity caught fire when it was first talked about. It'll take rather longer to really gain traction commercially, but it's where the future has to take us.

### **Joe Laur**

Some say the 800-pound gorilla is Wal-Mart and they've made some dramatic changes lately. I actually just finished reading *The Wal-Mart Effect*, the paperback version with the new material added after the author meets with Wal-Mart. What's your take on Wal-Mart? Personally, I think that if they put a stake in the ground like they have, it's a little bit like BP saying 'Beyond Petroleum.' Once you've said certain things, even if you try to backtrack, you in a sense change the expectation and the mental model.

But what do you think? Could they be a force for good because of or perhaps despite their enormous size?

### **John Elkington**

Well, I should declare an interest, right up front, which is that in the U.S., we are actually working with Wal-Mart. If you had told me that that was even in prospect a year ago, I would have almost dismissed it out of hand. Indeed, I did a blog saying as much. Wal-Mart has always seemed to have a somewhat predatory business model. It has been described as a retail cancer. And much of what I'd read about their history sounded like Starbucks on steroids. That said, there are those who would argue that it does some things that are useful. And, in terms of why we're in there, there are several reasons. One of my younger colleagues in the U.S. explained it this way: The problem with sustainability as an agenda is that much of what we're offering is a premium offering. If we're going to really make this work and stick and be sustainable, we've actually got to get it down to a low cost model. So that's one part of the story.

With me, it's different. Part of what we've been asked to do with Wal-Mart is to help them think through the question of, if they start to go transparent, how do they take their 61,000 vendors or suppliers with them? That's quite interesting. If you look at the Global Reporting Initiative, maybe a couple of thousand companies are now involved in that. Sixty-one thousand, by contrast, is a rather big number. I doubt that Wal-Mart will go the GRI route, but something is better than nothing.

And last year, I did a board meeting in the U.S. with DuPont. I also did a senior level meeting with 3M. With all these companies, and with European counterparts like Nesté, you see the Wal-Mart effect bulldozing through the contractual relationships these companies have, very often with Wal-Mart as their largest customer. And when Wal-Mart starts to ask really challenging questions, it gets their attention. To date, of course, the questions are environmental, rather than social. But we've all got to start somewhere!

So Wal-Mart is, let's say useful and interesting as a potential lever. But emotionally what makes me interested in the company is simply that Lee Scott, as their CEO, post-Hurricane Katrina, said that when he looked at environmental problems more broadly, he saw Katrina in slow motion. He just suddenly connected with this very different way of seeing what was going on in the wider world.

And what I've seen the company doing so far is not the obvious sort of camouflage, green-wash, knee-jerk responses you'd expect. Instead, they've been stating some very ambitious targets around renewables and around sustainable fish. Who knows where it will take them? And I don't think Wal-Mart will ever be what most of us would define as a sustainable company. But in terms of part of the transition, I think they could be quite a useful piece in the game.

But what do you think about them?

### **Joe Laur**

Well, also in the spirit of disclosure, I don't shop there, for one thing. And the reason I stopped shopping about 10 years ago was a news story, not about Wal-Mart, but about Safeway. Safeway had to drive their costs down; was cutting health benefits for their employees so they could keep up with Wal-Mart. And I suddenly saw this ripple effect and I thought, you know, I can't support that. So I simply stopped shopping there. I'm sure it didn't hurt Wal-Mart too much, but I withheld my dollars. But enough people are withholding their dollars and Wal-Mart seen a dip, a certain core that won't shop there anymore and I guess they are concerned about that.

Just their size is a concern—it just worries me which way it could go, because it's a little bit like a bull in a china shop. I don't think there are evil people in there, I've talked to them, and I've interviewed some of them for the book. And they have been acting, historically, with a single-minded, squeeze the cost out; make it as efficient and cost-cutting as possible mindset. It's in a sense, neither good nor evil. And if it was a little store on the corner that was trying to do that, you'd think, wow, that's a great little store. But just their size becomes an issue. The *Titanic* would pull other ships into it because of the vacuum it created as it moved through the harbor. And so there's that size factor.

So my concern about, for example, Wal-Mart going into organics, will that change the nature of what organic becomes? Or will Wal-Mart help organics?

### **John Elkington**

It's part of the hybridization process again. And some of that will be helpful and some of that will be hugely unhelpful. It's very much a political process that we're facing with all of this.

One of the key roles for an organization like your Sustainability Consortium must be this. As our movement, our world increasingly interacts with these different companies, and not just the ones that we've known like the DuPonts or the BPs or Shells or Fords, whatever, for a long period of time, but some businesses that work off very different models, I think we have to share as much as we sensibly can across the movement and learn collectively from that. And mutually challenge each other.

In that context, one of the reasons I'm thrilled to be working with the Skoll Foundation is that Jeff Skoll, as one of the founders of eBay, and of Participant Productions, comes at this with a very different business mindset. And I think we all have to get out of our comfort zones. In fact, I think one of my problems as far as colleagues are concerned is that's where I like to be. I like to be where I don't know what's going on. Where I'm sort of uncomfortable. Organizations don't like that quite so well, indeed one of the reasons why SustainAbility went through a top management transition was to allow me to continue to do that, but in such a way that I don't have to drag SustainAbility in after me the whole time. If it works, then I can bring the organization in.

### **Joe Laur**

I think that being in a learner mode is by its very nature uncomfortable and as you said, you enjoy being where you're a little uncomfortable. Being able to live in a state of "not knowing" is a prerequisite for deep learning. And surfacing different paradigms, different mindsets, and different mental models and beginning to understand each others' models and then developing new models to try out is a difficult uncomfortable process. Like climbing out of the sea onto a rock and beginning to gulp air for the first time. Uncomfortable, but essential to evolution.

Let me ask you a little bit about the GRI (Global Reporting Initiative<sup>14</sup>). Because you were one of the parents, I think, of the GRI?

### **John Elkington**

Godparent.

### **Joe Laur**

I always think of you and Bob Massie from CERES<sup>15</sup> and a number of those folks at an NGO summit a decade ago beginning the development work on the GRI. And now it's become this institution, it's growing up; it's become this global factor. How's it doing? Is it doing what you expected, wanted it, desired it to do? Is it exceeding expectations? Is it falling short? How might it get involved in the food sector, like a food supplement to the GRI? Talk a little bit about it.

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<sup>14</sup> <http://www.globalreporting.org/Home>

<sup>15</sup> <http://www.ceres.org>

**John Elkington**

Well, in some ways, I'm probably the last person to ask because I somehow get involved in the early stages of such standard-setting exercises, when they're still formative. To be honest, I don't terribly like standards; I don't like that whole game. So with GRI, I probably lasted two or three years. If I did anything useful, it probably was to switch them on to the triple bottom line rails, rather than the environmental approach that CERES had originally had in mind.

When I look at what they've done now, they certainly haven't exceeded my expectations, but—for one thing—they've done extraordinarily well to survive. Fundraising hasn't been easy at times. It's a really tough challenge to set up a new institution like that. They're dealing with massive complexity and I think they're hitting some sort of invisible ceiling in terms of the total number of companies willing to go down that transparency reporting route on those sorts of terms. That's one of the reasons I'm interested in Wal-Mart. Can we almost use such companies as icebreakers to open up completely new passages to market transparency?

**Joe Laur**

Wal-Mart is not famous for transparency.

**John Elkington**

No, absolutely not. But if they make some steps in the right direction and that cascades outward, that could be helpful. I think the challenge for GRI longer term is that components of what they have been doing will come to make a great deal of sense to the core of business, particularly if climate change continues to build as a set of drivers. And then the challenge is competitive, in the sense that all sorts of other people will dive into the space, they'll often be better funded, and they'll have a very different way of looking at all of this. They won't feel this need to test everything endlessly with stakeholders, though I think that has been very useful.

Here's the risk. A lot of stuff that the GRI has done will simply be scooped up, poached and used by other folk in proprietary systems or frameworks or whatever. That's how markets work. It's not very attractive, it's not very equitable, but I think that may be where we're headed. So, for GRI, I see huge success in terms of having survived and made sure that the GRI, triple bottom line style of reporting is very much on the big, multinational corporation agenda. But there's a discontinuity out there somewhere and I'm not at all confident that they will actually make it through. Or at least on the rails that they are currently on.

**Joe Laur**

As if, as you say, scooping up parts of it, in some ways, again, just to go back to natural systems; that seems to be the way natural systems work. There are many organisms that no longer walk the Earth as that original distinct organism, but parts of their DNA, pieces of it, are competing successfully in other organisms.

**John Elkington**

Exactly, just as those pesky dinosaurs are still with us, sitting up there on the telephone wires.

**Joe Laur**

That's right. So, if we've been the equivalent of the early mammals, what are you most proud of over the past 20 or 30 years? What has given you the greatest satisfaction? And what might you go back and do differently?

**John Elkington**

Things like co-founding Environmental Data Services (ENDS<sup>16</sup>) in 1978 and SustainAbility in 1987, the books—and the extraordinary network of friends and colleagues we have built up around the world. Again, I'm probably the last person to ask what I would do differently, because at any point it hasn't been at all clear that whatever we were doing would work longer term. So, it's very easy to look backwards and think, Well, of course, we should have done things different. Because you're always stuck in experimental mode. And here we are again. We're now mulling over how we move even deeper into the emerging market space: Particularly Brazil, India, South Africa and China. At the same time, we want to dig into six different sectors in a much more intensive way than we've done in the past.

**Joe Laur**

Which sectors would those be?

**John Elkington**

Let me run through them alphabetically. They're Chemicals, Finance & Capital Markets, Healthcare, Energy, Food & Drink, and the Knowledge Economy. But start with these sectors and you very quickly reach out to just about every other part of a modern economy.

But, back to your pesky question, what would I have done differently? One thing we could have done would have been to have grown much faster. At any point in time, the market would have us far bigger than we chose to become. Why? Well, I was always very nervous because having been involved in this foundation, Earthlife, and then to have it blow up in our collective faces—we had gone from 4 to 44 people in 18 months, but without the financial controls that were necessary. The center wouldn't hold—and I fretted that the same could happen again, with the commercial demands of corporate clients supplying even more powerful centrifugal forces.

I had felt our difficulty here would be rather different, though, it would be a values issue rather than a financial one. That our values probably wouldn't hold if we

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<sup>16</sup> <http://www.ends.co.uk/>

committed ourselves to growth. But we have grown: we started as two people and are over 30 now. But a very large proportion of the work over the years has come to us. Indeed, we have on occasion refused to work with particular industries or companies. We refused to work with Shell for two years in the mid-1990s, for example. On occasion, though we don't like doing it, we've publicly resigned contracts, as we did with Monsanto in '97 or '98. This puts us in a rather different part of this market landscape.

It's been crucial that we have had the trust, hopefully, of the bulk of the NGO world. A Director of Greenpeace once described us as "campaigners in the boardroom." And that made me quite proud, that we had that level of respect. And one of the reasons I think we've been trusted, where we have been, is that we've been very transparent with whom we are working with, what we're doing, and what's working and what isn't. We need to sustain that as we grow, and in very different cultures, like China and India.

But the challenge here is a different one. If we move into China, for example, do we simply replicate our business model there? I don't think we can. Because we've, in a sense, mediated between a very powerful civil society world and business. That civil society world doesn't exist in China. It's pretty much illegal. So I think we really need, as an organization, to think, how do we, over five or 10 years, help to build the NGO players and wider civil society in a country like China. And all of that well before we start to play with mainstream Chinese companies.

So, again, there are a set of tensions built into the heart of what we do. But I think if I have to conclude as to what makes me proudest about this organization; it would once again be that we're still here. That might seem a modest achievement, but remember that only one in ten start-ups survives its first decade—and here we are just starting our third. I'm pleased that we have grown in a measured way, built a hugely diverse team, that we've expanded to the U.S. six, seven years ago and to Switzerland. That we have built up a fantastic Faculty of 70-80 people around the world, who challenge and inform what we do. And that we have projects in countries like Brazil, South Africa, India and China. In the process, we've taken what was originally an environmental mission and expanded it to the economic, social, ethical, governance components.

But at any stage we could have been better at what we did. We could have been, looking back, even more challenging than we were. Not just by being rude to people, or provocative, but by understanding the guts of their business models and markets sufficiently well to have moved them in different directions faster than we've sometimes been able to do.

**Joe Laur**



Last question. What's the question you think we should carry forward from here? What would be the best question or the one that would really make a difference carrying forward? For business, for society, whatever? Any way you want to answer that.

**John Elkington**

Before I get into that, it's been an extraordinary privilege that our movement and our organization have had this flood tide of really bright young people wanting to work with us on the issues.

And then I think the question would be something like this. Over the next sort of 10, 15, 20 years, how can we mutate the entire system such that people are rampantly interested, young people and trained people, really interested in working on these issues? Interested in investing their time, their effort, their money, and their lives? Both in big, incumbent companies and in the start-up companies and new ventures that will really create the markets and create market responses on the scale that we will need to make a world of nine-to-10 billion people something like sustainable.

And so, although I appreciate the fact that these people come to us, the question is, how do we make it really attractive for them to go into business, into financial institutions, into government and play all of the different roles that they will need to play in those different worlds? That's a huge challenge, but it's got to be do-able.

And the same question to you ...

**Joe Laur**

I think along those same lines, though I wouldn't have said it as eloquently as you did, but I often think of the children when I do this work. And one of the things we try to integrate into the SoL work, not so much the business-hosted meetings of the Consortium, but definitely at our Forum and other places, is the youth component. Because sustainability, absent the next generation, makes no sense whatsoever. There's an old line from the Talmud: "By the breath of children, God sustains the world." And I love that, particularly on an emotional level.

So I think we need to take action to reverse a fear or expectation that many of the next generation express ; that all we can do is to have as good a time as possible until the Apocalypse, and really start re-engendering hope and smarts and commitment to doing this work.

**John Elkington**

We have to stop! But, for me, this conversation could run and run. So, by way of a real conclusion, I think back to Max Nicholson and that newspaper and that day in 1961 when I switched on to this whole field. What happened that day was my imagination was fired up. I didn't feel that the world and all of its cares had been

dumped in my lap to sort out and I think that is exactly the dynamic we've got to get right. We've got to get people concerned, but we shouldn't overwhelm them with the grief they might feel when they understand that some parts of their planet are going to hell in a basket.

So I think, not just young people, but the youthful way of thinking about these issues, imaginative, innovative and entrepreneurial, that's what we've got to ignite—or reignite where we've lost it. A lot of this has become deadly serious. That's one of the reasons I am uneasy about regulations and standards. You force people to obey, to do enough to comply or get the certificate, rather than doing what the X Prize Foundation people, people like Richard Branson, are doing. Trying to stimulate a new boom in entrepreneurial solutions to our sustainability challenges. Trying to bring out the best of what we are as human beings.

But there we are; that's the next 50 years.

Joe, thanks very much.

**Joe Laur**

John, thank you. It's a great pleasure.