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FANCY PACKAGE

TRYING TO TRUST CORPORATIONS TO MAKE THE WORLD A GREENER PLACE.

By Kera Abraham

TRACK IT. DON'T TRASH IT.

Brand New World



Photos by Nic Coury

Eco Seat: One of Go Green Display's 100 percent recycled cardboard chairs can hold up to 350 pounds.

By late 2007, Steve Newcomb had been the director of two companies and founded three more. He'd lubricated the insides of the oil, telecom, marketing and mobile service industries, creating \$3 billion in corporate wealth.

And that's when he realized that everything was all wrong.

The government was doing things wrong. Businesses were operating wrong. If people are going to live on this planet for another 10,000 years, he told himself, "Everything has got to change."

He sold his wireless company, Powerset, to Microsoft for \$100 million and created Virgance, a for-profit company peddling goodness. The mission: to breed capitalism and activism, spawning a new societal model.

"They amplify each other, and you can create companies that are 10 times more profitable," he tells the crowd packed into Monterey Conference Center's Steinbeck Forum: women in silk blouses with bright scarves, men in suit jackets with jeans, necks bent to peer at tiny laptops and PDAs. Twitterers pick up the SB09 hash tag and start following one another, a stream of cyber-conversation running parallel to the Sustainable Brands conference.

"This is the time," Newcomb says, "when businesses will turn sustainability into an industry of change."

Billed as "the preeminent event for discussing the rapid rise of sustainability as a driver for revenue growth and brand equity in the 21st Century," SB09 is a product of Sustainable Life Media, a Burlingame-based company that produces sustainable events.

The five-day gathering of about 650 marketing pros features a parade of PR wizards: Adam Werbach, the former Sierra Club president who defected to corporate consulting; Alan Marks, head spinmaster at eBay; Diana MacEachern, founder of women's online green guide Big Green Purse; Thomas Oh, marketing director of Frito Lay. The atmosphere is thick with business clout.

Employers paid up to \$2,595 per head, plus travel expenses, to send people to SB09 on a shared assumption:

Do-goodery, if marketed right, is profitable. In a cut-throat economy, sustainability—or at least the appearance of it—can be a business survival strategy.

This is a group that loves its market analyses (see sidebar, pg. 19). They categorize consumers based on their willingness to buy products and services with redeeming environmental and social qualities. They observe changes in the sizes and behaviors of the groups, conduct surveys, track trends, and see consumers buying from companies that do business more responsibly.

The trend opens up a market in sustainable change, as Newcomb told the group, but it also creates a fertile landscape for "greenwashing": using mossy eco-rhetoric to camouflage the same old environmental misdeeds.

Wal-Mart Friends Sierra Club

When Adam Werbach morphed from 23-year-old Sierra Club president to Wal-Mart strategist, the environmental left branded him a sellout. He sparked even more international debate five years ago, when he gave a speech pronouncing environmentalism dead if it doesn't embrace other social and economic concerns.

But at SB09, Werbach is a rock star. Once David Brower's protégé, he left Sierra Club in 1998 to create Act Now, a consulting company that helps businesses retool for sustainability. Advertising mammoth Saatchi & Saatchi bought Act Now in early 2008, positioning Werbach—now a 36-year-old father of three—as global CEO of the merged Saatchi & Saatchi S, the agency's corporate responsibility arm.

The firm paints itself blue rather than green, defining sustainability as the melding of environmental, social, cultural and economic concerns. It's founded on the idea that mega-corporations should be central to sustainable change.

Werbach's clients include some of the world's biggest corporations, including Wal-Mart, Frito Lay, General Mills and Dell. While other environmentalists criticize McDonald's for peddling resource-intensive meat poison wrapped in landfill fodder, Werbach praises its decision to stop buying soy grown on deforested lands in Brazil.

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Marketers at the Sustainable Brands conference say you can save the world, and sell products.

By Kera Abraham

During SB09 he Tweets big ups to Starbucks, Dell, Frito Lay, Clorox and PepsiCo for taking on sustainability initiatives. Some are clients, others potential clients.

But he makes a point of showing he's not all corporate butt-smoocher. In his Monday morning keynote, Werbach says companies need to make serious moves toward sustainability before pimping their green stripes.

The next morning a comment by Annie Longworth, director of Cohn & Wolfe, a global PR agency specializing in corporate social responsibility, sets Werbach aTwitter: "#sb09 did cohn & wolfe really say that companies should market green before their supply chain is green?" he writes.

"I worry about when the communications get ahead of the actions: You look under the hood, and they're not changing their business model," he explains later. "There's opportunity for companies to change right now. There's also opportunity for companies to cheat."

He says he went corporate 10 years ago because he lost patience with activism: All his work with the Sierra Club only produced one piece of legislation, the California Desert Protection Act.

"I tried to pass laws. I failed at that," he says. "Fifteen years and billions of dollars, hundreds of thousands of man-hours, and nothing. That's why I got into this: because I can do something right now."

The first step was shifting his view of mega-corps. "As hard as I've looked for that evil person—the old fat white man who sits in the back room plotting how to steal Christmas from his employees—that person doesn't exist," he says.

Nevertheless, aren't the world's biggest corporations also massive consumers of natural resources, generators of waste, destroyers of small businesses, exploiters of labor and producers of

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environmentally dubious goods?

"When a child takes a first step, they get cheered," Werbach replies carefully. "When an adolescent learns to run a little faster, they don't."

He allows that corporate responsibility isn't enough to save the planet, but asks who among us is environmentally pure. He, for one, isn't sure what brand his leather lace-up boots are, or how they were made.

"I'm not in the business of absolving people," he says. "There's a huge amount of hypocrisy among green product users, myself included. So embrace it."

Green is Relative

Some of the conference's sponsors—Earthbound Farm, the Monterey Bay Aquarium, New Belgium Brewing—have deep roots in environmental and social responsibility. Take Pangea Organics: Not only does the Boulder-based body care company embed native seeds in its 100 percent recycled, biodegradable paper packages, but it offers employees full health care benefits and organic meals, and donates 5 percent of its profits to Women for Women International. That's in line with the company's core mission, according to former high school dropout Joshua Onysko, the company's thirtysomething CEO.

Others are sketchier. Packaging giant MeadWestvaco is reducing its greenhouse gas emissions, but it's also listed among the nation's top 100 air polluters. Dell Inc. made a splashy claim of carbon neutrality last August, but the calculation doesn't include emissions produced by its sup-

pliers and consumers, and its products are part of a growing mountain of toxic e-waste in Ghana. S.C. Johnson is phasing out toxic plastic additives called phthalates, but Rachel Carson would roll in her grave if corporate brands like Raid, Ziploc and Windex were considered eco-friendly.

One of the forces holding companies back from doing more good is American corporate law, according to Susan Mac Cormac of Morrison Foerster, a global law firm specializing in clean technology. Conventional corporations are obligated to serve shareholders' financial interests, she explains.

"From a legal standpoint," she says, "if you go too far out of the box, shareholders can sue you."

Slowly, that's shifting. A small crop of so-called B corporations—"B" for "beneficial"—are forging a new model of operations, in which philanthropic values are legally protected as part of the company mission. They pledge to produce stuff that helps society, and they commit to strict standards of environmental practices and fair labor. Their directors are expected to serve not only shareholders, but also stakeholders: the environment and the community at large.

B corporations "use the power of business to solve social and environmental problems," says movement co-founder Jay Coen Gilbert, whose Philadelphia-area B Lab certifies and gives legal support to businesses like Numi Tea, Give Something Back office supplies and New Leaf paper.

world continued on page 18

Sierra Club to Sam's Club: Adam Werbach, sustainability consultant to corporations like Wal-Mart, skirts the question of whether we should buy less. "Consumption is a very difficult framework, because it's a 17th-century disease," he says. "Live better? That sounds good."

We Get You

A green company is only successful if there are enough green consumers out there. The magic ingredient, apparently, is oxytocin—the hormone that helps us develop a sense of connection with others. Oxytocin excites the vagus nerve, explains Dacher Keltner, executive director of the UC Berkeley Greater Good Science Center, and that makes us responsive to sustainable brands.

Dev Patnaik, author of *Wired to Care*, credits our limbic systems for feelings of intuition and compassion. It's what helps us transcend our reptilian impulses to serve only our own survival. He proposes companies need limbic systems too: Those that venture outside their board rooms to consider the world from their customers' perspectives are rewarded with strong sales.

Empathy isn't a touchy-feely sentiment, he stresses, but rather a gut instinct.

Microsoft, for example, understood what thirtysomething video gamers wanted. "The more violence and the more guts and the more guns," he says, "the happier they were."

Thus the X-Box was born, selling 24 million units worldwide and becoming the first successful American-made game console since Atari.

Diane MacEachern, founder of online eco-buying guide Big Green Purse, applies the concept to female consumers, who she says spend up to \$0.85 of every market dollar. Yet the advertising industry is about 70 percent male, she says: They just don't get how women think.

Women are more likely than men to view the threat of global warming as seriously as terrorism, she says. But environmental marketing too often appeals to menfolk, who "find gadgets and technology really fascinating." Women are more interested in the consequences than in the science, she says. Forget cracking ice shelves in Greenland—we're more likely to care about climate change because it's making poison ivy nastier.

Marketing green products will have to transcend other old-school assumptions, according to *Igniting Inspiration* author John Marshall Roberts, who says top-down brainwashing techniques like print ads and commercials are losing effectiveness in the New Media age. Effective marketing has to be interactive.

That new paradigm, he says, brings marketers and consumers together with a shared purpose at public commons like Facebook and Twitter. He cites Obama's presidential campaign as a radical proof of concept. The branding slogan "Yes We Can," the reluctance to sling mud, and the leveraging of Internet tools like MoveOn and social networking sites debuted a powerful marketing concept: Change sells.



Eco on the Go: John Borg of Eco Imprints wears a solar backpack and shows off portable solar chargers, which can power small electronic devices like PDAs and cellphones.



Cafe Cardboard: Conference attendees check their e-mail on "carbon-neutral" Dell computers, set up on 100 percent recycled cardboard tables and chairs by Go Green Displays.

Hello, Buycott

Barely a year in business, Newcomb's San Francisco-based change company, Virgance, has created what he calls three "Apollo Projects" for sustainability. They all milk the premise that consumers can change the world by buying sustainable stuff—a fundamentally capitalist idea, but with a sort of mohawky edge.

Virgance's first project, Carrotmob, leverages the concept of a "buycott": Activist consumers systematically support businesses that do the right thing, thus coaxing big, greedy corporations into saving the planet.

Carrotmob is what Virgance calls "organized consumer purchasing" using carrots instead of sticks. They're a little like flashmobs—people who organize by Internet to enact bizarre, synchronized performances in public places before just as suddenly dispersing. Carrotmobs use their collective buying power to reward the winners of sustainability bids, such as what percentage of revenues they'd be willing to invest in energy efficiency.

"And then," Newcomb says, "we mob them with money."

Another Virgance project, One Block Off the Grid, creates collectives of homeowners who want solar power. The more people who sign up in a given community, the bigger the bulk discount. Virgance, in turn, makes money by collecting per-home referral fees from solar installers.

At SB09, Newcomb unveils the details of a new project called Lend Me Some Sugar (a shout-out to OutKast), which he describes as "*American Idol* for sustainability." Corporations put marketing funds into a prize kitty and run competitions to make the world a better place. For example, Newcomb explains later by phone, PepsiCo might issue a challenge to come up with technology for clean drinking water. Kraft could aim to end hunger; Amgen biotech could target cancer research.

Nonprofits compete for the money, and the hundreds of millions of people on social networking sites vote on the winners. In the process, they become willing targets for marketing from the corporate sponsors.

With a potential viewership the size of a nation—Facebook, which he estimates at 200 million active accounts, would be the world's fifth-biggest country—companies would be able to justify using their ad budgets for charity. And deserving nonprofits would have a shot at a whole new, potentially vast funding source.

"The magic in Lend is that we found a way to tap a much larger pool of money," Newcomb explains. "Marketing budgets are typically much much larger [than philanthropic budgets]."

And to the soundtrack of a billion mouse-clicks, capitalism saves the world.

The Color of Slime

The word "greenwashing," Annie Longworth of Cohn & Wolfe tells attendees of her Tuesday afternoon panel, is in a head-to-head race with "noob."

The English language was on course to add its one millionth word on June 10, according to the Global Language Monitor, and dorks all over the world were white-knuckling the final gallop between the two words, one referring to what companies do to look eco-friendly when they're really not, and the other webspeak for newbie.

GLM considers a new word official once it's been used 25,000 times in public media, including networking sites. A quick Googling reveals "noob" as the more popular, at least among bloggers. But "greenwashing" is the favorite at SB09, coming up even more frequently than "carbon neutral."

The eco-product boom is creating a glut of dodgy marketing: Oil company commercials of eagles soaring over mountain rivers, chemical company ads of kids rolling in the grass. In supermarkets, colonies of products are labeled with feel-good logos created by the manufacturers themselves: FIJI water's green drop, Windex's Greenline.

"It's like becoming a minister," says Brooks Beard of Morrison Foerster. "For \$10 or less, you can get a green seal."

Almost three-quarters of people surveyed think third-party certification is the most trustworthy, according to Rob Cameron of Fairtrade Labelling

Organizations International, which guarantees fair wages for producers of the ingredients in products like Starbucks coffee and Ben & Jerry's ice cream. A survey of conference attendees puts government certifications at the middle of the credibility spectrum, and retailers and manufacturers at the bottom.

Beard's colleague, Rebekah Kaufman, warns businesses to be careful about using vague terms like "green," "sustainable" and "eco-friendly." Weak substantiation, she says, could put a company at risk of a class action lawsuit.

Journalists and consumer groups have been diligent in calling out greenwashers, Beard says, but the government hasn't historically done much about it. That may be changing: The Federal Trade Commission is working on a revision of its Green Guides, which govern environmental marketing, Beard says.

Once the revision is done, he expects the FTC to ramp up enforcement and set a few examples of the worst greenwashers. Meanwhile a new California law requires marketers within the state to substantiate fuzzy eco-marketing claims with publicly available documentation.

"If you're gonna make a green claim about a product," Brooks says, "you better look at the entire life cycle of that product."

The general consensus at SB09 is that flat-out lying is bad. But there isn't much talk of the difference between token efforts for PR points and sincere, significant change. Clorox, Frito Lay and Dell get just as much love as New Leaf Paper, Numi Organic Tea and Patagonia.

The audience applauds heartily when Thomas Oh of PepsiCo announces SunChips will be packaged in compostable bags by Earth Day 2010, and Ben Packard says Starbucks' coffee cups will be 100 percent recyclable by 2012. But there is no discussion of what "compostable" and "recyclable" mean, or the likelihood that the disposable packaging will continue to clog landfills. Those kinds of questions are bummers at a conference like this.

Seth Bauer, former editorial director of National Geographic's *Green Guide* magazine, complains that when reporters bust greenwashers, the bad press

"inadvertently scares companies away from making any environmental claims whatsoever."

Ultimately, every product requires resources and creates waste. He tells companies not to let that stop them from making green marketing claims.

"We are all greenwashers," he says. "Don't shy away from doing the right thing, [even] if you can't go all the way."

Inconspicuous Consumption

The subject of reducing demand doesn't come up until the end of the conference's third day.

"As marketers, we're all in the business of selling stuff," says Teaque Lenahan of gravitytank, an innovation consulting firm. "What do we do when the most sustainable behavior is not to consume?"

The original green consumers were the Americans who lived through World War II, he says. A sense of patriotic sacrifice compelled them to save grease, plant Victory Gardens and salvage scrap metal on the homefront.

That all went out the window with the launch of America's throwaway culture in the 1950s. But today's contracting macroeconomy is driving people back toward fashionable frugality. Trendsetters are washing Ziploc bags, folding up used aluminum foil and re-using glass containers.

"Reclaimed is the new black," Levahan says. "Classic is the new trendy."

eBay is proof of concept, according to Alan Marks, the online website's senior VP of corporate communications. He says the sale of about \$2,000 in goods per second confirms the market power of recycled goods: "Often the greenest product is the one that already exists."

But eBay is also rife, of course, with new stuff that creates more junk in the world.

So is the conference. In the Serra Ballroom and lobby, tabling companies offer an array of "sustainable" schlock: A plastic, no-metal stapler. Stainless steel water bottles, re-usable bags, organic cotton T-shirts. Decks of cards that call for a "social revolution" through unrevolutionary acts of kindness, like saying please and plugging parking meters.

One of the sponsors, Eco Imprints, makes corporate promotional swag like solar backpacks, bamboo flash drives and recycled soda bottle bird feeders. Another sponsor, EarthEra, sold Sustainable Life Media the carbon credits to offset the greenhouse gas emissions from conference hotel rooms and venue space. A "cyber-cafe" invites attendees to sit at recycled-cardboard tables and check their e-mail. Cute girls in short, gimmicky skirts draw attention to a bottled water product packaged in 25 percent recycled plastic.

It may be an improvement over business as usual, but it's still money-making, not world-changing.

SB09 is an entry point for the marketing industry in the global meltdown sweepstakes, but it's a crowded competition. Every sector of society is re-examining how to get through these times and come out stronger.

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Count Us In

The numbers—provided to SB09 attendees on a lead-free flash drive imprinted with non-toxic inks—make the case for sustainable marketing.

An American Marketing Association/Fleishman Hillard survey of marketers and communicators finds:

Old-school mentalities. Only one-third say their businesses have extensive recycling programs. Just one in five have taken big strides toward energy efficiency. A mere 22 percent say their companies have dedicated considerable resources to sustainability.

Change is coming. Nearly two-thirds think the Obama administration's policies will speed sustainability programs. Half say the current economic realities encourage sustainability practices, while 29 percent say they discourage them. Only one-third do not foresee change in near future. Nearly three-fifths expect their organizations to put more emphasis on sustainability over the next two to three years.

Beyond green. More than half define sustainability as "balancing financial, human, and natural resources for long-term benefit."

From a J.D. Power and Associates Internet analysis:

A sustaina-boom. Bloggers aren't talking about whether the environmental crisis is real anymore; they're discussing solutions to specific environmental issues.

It's personal. People are buzzing more about personal change, such as household greening, than about broader, longer-term solutions.

Attitude shift. J.D. Power created "consumer persona" categories based on reactions to environmental issues. In spring 2007, more than one-third of bloggers were "negators" and "rejecters" who actively scoffed at environmental concerns. Almost a quarter weren't sure what to believe. Only 17 percent classified as "shiffters" or "activists" who took personal action to abate an environmental crisis.

A year later, only 22 percent fell into the "negator/rejecter" categories, with 10 percent uncertain. The group filling the "shifter/activist" mold, meanwhile, rose to 27 percent.

Wary of fakers. While the ranks of green consumers are growing, people are increasingly skeptical of "greenwashing," or misleading attempts to boost the public image of an environmentally destructive company.

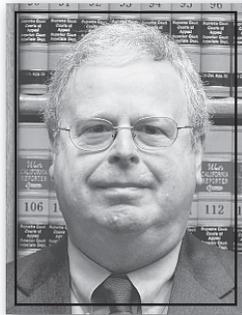
—Kera Abraham

So who can you trust?

Clorox and Nestle are putting an eco-shine on their products, but long records of toxic behavior suggest their green is only label-deep. Smaller, younger companies such as Tom's of Maine and Burt's Bees take corporate responsibility to heart—applying environmental and social ethics to every aspect of their products, workplaces and communities.

Labels won't save the world, but genuinely green companies might. With all the strategic PR out there, it's your challenge as a consumer to discern the difference. ☒

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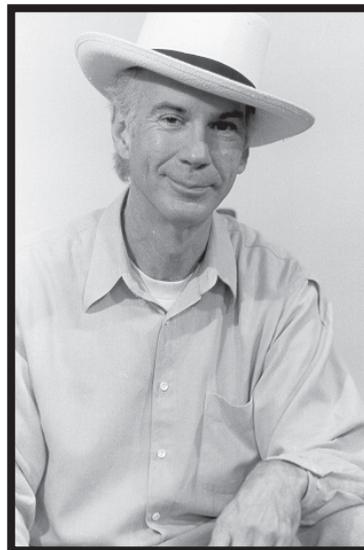
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