



ISSSP *Insight*

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Hunter Lovins on Sustainable Development, Education and ISSP

By Darcy Hitchcock

L. Hunter Lovins, Esq., is the president and founder of Natural Capitalism, Solutions and co-creator of the Natural Capitalism concept. For more information, go to www.natcapsolutions.org. In 1982 she co-founded Rocky Mountain Institute and led that organization as its CEO for Strategy until 2002. She is a founding professor of Sustainable Management at Presidio School of Management. She was named 2000 Time Magazine Hero for the Planet. Newsweek called her the “green business icon.”

In 2001, Hunter was named one of four people from North America to serve as a delegate to the United Nations Prep Conference for Europe and North America for the World Summit on Sustainable Development. She subsequently led a delegation to the World Summit in Johannesburg.

Lovins has co-authored eleven books and dozens of papers, and was featured in the award-winning film, *Lovins On the Soft Path*. Her latest book, *Natural Capitalism*, co-authored with Amory Lovins and business author Paul Hawken, was released in September 1999. It has been translated into a dozen languages and was the subject of a Harvard Business Review summary. Recent articles by Hunter have appeared in *World Affairs Journal*, the *Encyclopedia of Sustainability* and *Sustainability*, *The Journal of Record*



Darcy: *Many sustainability professionals probably first learned about you years ago when you were part of the Rocky Mountain Institute. Since then, you created Natural Capitalism Solutions, which is perhaps less well-known. Tell me a bit about what your non-profit does.*

Hunter: Natural Capitalism Solutions implements the ideas we set forth in the book, *Natural Capitalism*. We work with companies, communities and countries to help them use resources more productively, sustainably and profitably.

Darcy: *Can you give me some specific examples of work your group has done?*

Hunter: Sure. NCS has works with small companies like Clif Bar where we helped them develop their *foodprint*, to track where everything that goes into a Clif Bar comes from. We’ve also worked with the world’s largest corporations like Wal-Mart to help them understand what sustainability is and how to implement it. NCS staff has helped communities and countries around the world develop climate protection

programs, and implement locally-based economic development strategies.

Darcy: *What are the most interesting advancements and efforts internationally?*

There are so many it is hard to know where to start. China is building entire green cities. Cities are competing to be the greenest. Companies are pledging to become sustainable.... This is an exciting time to be doing this work. But here are a few of my favorites. Australia's recent change of government and entry into the Kyoto Protocol is very exciting. That leaves only the U.S. as the holdout. Australian companies will now get the competitive boost that comes from unleashing the new energy economy of efficiency and renewable energy. I spent quite a lot of time there a couple of years ago, touring the capital cities and helping to launch the book by The Natural Edge Project, *The Natural Advantage of Nations*. It shows how to implement profitable sustainability in their context.

The Canadians are an interesting contrast. Alberta has oil and tar sands, which they are developing rapidly. At the same time, the rest of the country is going to be badly affected by climate change. Their current government plans to renege on the Kyoto Protocol. Yet, there are many good people in the legislature and in businesses who are trying to do the right thing.

For example, in 2007, Wal-Mart Canada implemented its first Supply Chain Sustainability Scorecard for all of its 290 Canadian stores. This included converting 20 truck generators to electric power, saving 40,000 liters of fuel and more than \$2 million. By changing some of its shipping crates from cardboard to plastic, it enabled boxes to be used 60 times instead of once. This will save \$4.5 million in costs, and cut more than 1,400 tonnes of cardboard and 10,000 tonnes of carbon emissions reductions. These initiatives have become best practice copied by other Wal-Mart operations.

But the Europeans are ahead of all of us. Europe has seen the jaws of climate change. Germany suffered a its first-ever hurricane a couple years ago. The British Isles suffered record floods; the Greeks and Spanish fought wild fires. The threat of climate change has become an urgent priority for them. And yet they and we all have a very long way to go and a short time to get there.

The science news just keeps getting scarier. Sir Nicholas Stern, author of the Stern Report out of the UK recently admitted that his assumption of 550 parts per million of CO₂ in the atmosphere as the plausible safe level, was seriously overstated. The Intergovernmental Panel on Climate Change had assumed that a leveling off at 450 ppm would likely keep the world out of trouble. Dr. James Hanson of NASA, and many others, now think 350 ppm is the highest we should consider safe. The world is at 385 ppm now, and in May 2008 came the news that we added 2.4 ppm in 2007, twice the rate of increase of just two decades ago. All of the world's nations are in this together, but Europe and North America must act in the next couple of years to sharply reduce emissions en route towards zero carbon emissions or even negative in the rich countries, to give developing nations a prayer of escaping poverty while avoiding a roasted world. One hundred percent decarbonization is not a trivial matter. It will force us to rethink everything, how our economy runs. Instead, politicians are promising "holiday's from gas taxes" so we all keep guzzling cheap fossil fuels.

Darcy: We've talked about the developed world. What about the developing and under-developed nations. You've been working in Afghanistan, for example. The US certainly has a moral obligation there. What's your view of what's happening on the ground?

Hunter: Afghanistan is both wonderful opportunity and terrible tragedy. It is a magnificent country that we cannot abandon. The last time we did that, 9-11 resulted. If we walk away again, we will not like what will inevitably result. But that is in effect what we are doing. We

are spending billions of dollars, but mostly in the wrong way. My recent paper in *World Affairs Journal* described the need to rethink how we implement development policy. (See http://www.natcapsolutions.org/publications_files/WAJ_May2005.pdf.) The money we're spending isn't buying us stability, because it is not spent enabling Afghans to implement sustainable ways to deliver energy, water, food, health care, housing, sanitation—genuine development. Our money goes to western contractors, instead of creating the capacity in Afghanistan to solve their own problems. As a result, there is a resurgence of the Taliban and our soldiers are being killed. There are strategies that cost less and work better.

Darcy: Be specific. What are we doing wrong and what should we be doing instead?

Hunter: We should be helping Afghans to live their own lives, giving them the capacity to improve their own country. Instead, we're paying American contractors to deliver the worst of last century's technology. We're building coal-fired power plants, pipelines, and an electric grid! These things can easily be taken out by someone with an issue and a missile.

We should instead be delivering renewable energy, green buildings, sustainable agriculture, efficient manufacturing and world best practice in the appropriate technologies. Doing this would cost less and win us the friendship of the Afghans.

Let me give you an example. The U.S. went into a village north of Kabul and spent \$100,000 to install a diesel pump system. The USAID assessment officer later visited and found people with hands outstretched, asking "Water? Today?" The contract stated that the Afghans would pay for the diesel but the people had no money, so they still had no water.

By contrast, the Canadians came in, put in a pump, and paid for the diesel. Price point: \$100,000 and rising.

The Italians, on the other hand, spent the same amount, but first they visited villages and talked to leaders. They explained that they could install

photovoltaics to pump water. They taught the villagers how to do this, provided solar-powered pumps to 12 villages so now several hundred families have water, powered for free by the sun.

Mike Bergey (Bergey Wind, Norman Oklahoma) is installing small wind turbines in villages across the border in the very dangerous Northwest Territories of Pakistan. This is country that does not like Americans. But in the village in which he is working the people love Americans, because his wind turbines work, are bringing illumination to these remote villages, promoting literacy, the ability to work at night, and to keep anti-snake venom medicine in refrigerators. This alone has saved four lives. That village is glad to see Mike coming.

Similarly, Roots for Peace, a non-profit, is helping Afghans save their heritage rootstock for fruit trees and grapes so people can grow something other than poppies for narcotics. Groups such as Afghans for Tomorrow and Engineers without Borders are also successfully using this bottom-up approach.

Inspiring examples of sustainable economic development from other parts of the world show what is possible. Solar Electric Light Company in India sells solar at a price point that the poorest people can afford, financing the purchase in a way that's cheaper than what they were paying for batteries and kerosene.

Sekim, in Egypt, is the only company to win the Right Livelihood Award. Sekim is working with some of the poorest people, helping them grow organic food and feed-stocks for clothing and cosmetics. They then market these in Europe, with labels that tell the story, branding it as organic. The profits help build housing and schools and provide health care for the workers. They're even building a 4-year university.

Contrast this to Afghanistan. We should be enabling professors there to teach Afghans to install these systems. My colleague, Dr Bernard Amadei has been working with Kabul Polytechnic to enable them to teach sustainable practices. He and I worked together to enable a young Afghan

carpet entrepreneur to come study in the U.S. Right now the industry uses lots of harsh chemicals, which is polluting the water and harming people. We helped him meet with green chemists and water treatment specialists to learn the market for chemical-free, fair-trade, sustainably-sourced carpets. He has now gone back to transform the carpet industry. But such efforts get no official support.

Darcy: *You've helped communities build stronger local economies and now you're talking about selling to a global market. Some might think there's a disconnect. How to do you reconcile those two views?*

Hunter: We live in a globalized world. But at the same time, you don't want to be at the mercy of outside forces for energy, food, water, housing, sanitation—the basics that deliver genuine well-being. If your real needs are met in ways that ensure a strong local economy, you can have vibrant world commerce in French cheeses, Afghan rugs, and other amenities. But that also means that we need sustainable ways of moving goods. Recently a boat sailed across the Atlantic pulled, in part by a kite. These sails are huge, the size of a football field, and they reduce fuel use by 20 percent. Boats could also use high-tech airfoils. In this era of peak oil and climate crisis, we need to get away from bunker diesel fuel and go back to wind. We should be building high-speed rail in this country, local trolley lines, and preparing for the ever increasing oil prices, and the need to get out of airplanes and cars.

Darcy: *You're involved with curriculum development for different academic programs around the US. Tell me about some of the coolest things you see happening in higher-ed right now.*

Hunter: I teach at the Presidio School of Management. Its regular MBA program offers training in how to implement these ideas in business. This July, we're launching a certificate program in sustainable management, held 2 days a month in San Francisco, that will enable executives to implement profitable sustainability. There are even a few seats left in the first class, which runs from July through December and

many in the next class, offered again in January. We've got very cool people lecturing: Gil Friend of Natural Logic, Jay Ogilvy of Global Business Network, the biologist Peter Warshall, Sissel Waage, a sustainability consultant who was previously Research Director for The Natural Step, as well as many other thought leaders in the sustainability field. And me. If you're interested, see <http://www.presidiomba.org/certificate>.

Darcy: *We've made so much progress in the last 10 years. It seems like finally sustainability has caught on. We've reached the tipping point. So what are your dreams for the next 10?*

Hunter (laughing): Yeah, it's like we're a 30-year overnight success! My dream for the next ten years is that we all pull together—business, government and civil society—and implement all of the sustainability knowledge that we already have, and solve the crises facing us. The Paley Commission back in 1955 said it was urgent that we make a transition from fossil fuels to renewable energy. We didn't. Now we're up against some grim challenges. We're losing every major ecosystem. We have a global climate crisis. Peak oil, food riots on three continents, an equal water crisis, growing population.... None of these are surprises. Dana Meadows warned us. Lester Brown warned us. And yet here we are.

Winston Churchill said you could always count on the Americans to do the right thing after they'd exhausted all other options. Rajendra Pachauri, who used to be the head of Tata Energy Research Institute and is now the chairman of the IPCC [Intergovernmental Panel on Climate Change], says we have two years to react to climate change or a tragedy of unimaginable scale will unfold. The world is finally waking up to that fact.

Unless we act, the future will be a mounting series of crises that become increasingly difficult to manage. But it doesn't have to be that way.

It's interesting to contemplate: Did the sustainability revolution happen just at this time because of all this? In the last six months, the business case for behaving more responsibly has become iron-clad. Last summer, a Goldman Sachs

report showed that the companies who are leaders in environmental/social/governance (ESG) criteria have a 25 percent higher stock value. A recent IBM report showed that such companies are economically out-performing their competitors. And conversely, the worst performing companies are those most likely not to have someone in charge of sustainability. There are now 6 or 7 studies that show the same relationship. And the higher energy prices go, the stronger the sustainability imperative becomes.

When I speak to business audiences, I often start by saying, “Assume the climate scientists are wrong. Don’t go to Vegas on that, but assume that the 2 percent of scientists who are skeptics are right. If all you care about is money, you’d do the same thing as if you were scared to death about climate change; energy efficiency is cheaper than burning carbon energy. If the problem is real we’ll solve it. If it’s not we’ll all just make a lot of money....Let’s go!”

It’s just smart business. Can you still make a profit without being sustainable? For a while. But the Wal-Mart example is instructive. Their business model has depended on a wasteful world of cheap energy. They’re buy from suppliers half a world away, which is not the best way to provide the sustainable value that even Wal-Mart customers are increasingly demanding.

This is why Wal-Mart is talking about 100 percent renewable energy. Is Wal-Mart green or just practicing good management? Do we care?

Darcy: *You are a member of ISSP. Thank you for joining. We’re delighted to have people of your stature as members. What do you hope our organization can accomplish or contribute to the field?*

Hunter: When I first saw ISSP, I thought, “How piquant! Sustainability professional...am I one?” Is the association is a good idea? I’ll tell you what I *don’t* want. Guilds, bar associations and the like were created to keep people *out*. They create a private language and cult behavior so you know who is in and who is out. If we *are* a profession, we need to be as inclusive as possible, as tolerant of diversity. People should come from all

disciplines to this work. Think about Bob Costanza. Or Gretchen Daily. Are they sustainability professionals? Yes! But Daily is a biologist by training. Bob’s an economist. I don’t even know what the heck I am any more. I’m sure not practicing law....

At ISSP, we ought to welcome artists and activists and even academics. Let’s not try to say, “I am one and you’re not; you must have certain credentials.” We still don’t really know what sustainability is. None of us have ever lived in modern industrial sustainable society. Let’s have some humility. I’d welcome anyone with good ideas.

This field needs everyone to join it as fast as we can get them. We’re making this field up as we go along, even those of us who have been doing it since before it was called sustainability, and we need help. Of course, we stand on the shoulders of giants from my old boss Dave Brower to Majora Carter of Sustainable South Bronx, from Karl-Henrik Robert of The Natural Step, to the young people of Envirolution, from Waangari Maathai of the Greenbelt Movement to the green tech investors, from Lester Brown of the Earth Policy Institute, and Walter Stahel of the Product-Life Institute to Ray Anderson of Interface Carpets. We need to remember where we came from: Stahel isn’t well known in the US, but he invented such phrases *cradle to cradle*, more recently made popular by Bill McDonough. But we also need to welcome the young people, whose future it is that we’re talking about.

If we’re going have to redraw all the lines, reinvent everything, we need every discipline, every age, every perspective represented.

Darcy: *And we have to do it fast.*

Hunter: Yes, and we’ve got to do it fast. It’s Ready, Fire, Aim. We need designers, economists, philosophers, artists, business people, and religious leaders. We need tolerance, inclusivity, and creativity. And speed.

Darcy: *Marsba and I have had as a mental model the professional associations related to the total quality movement. We needed everyone to 'get' that too. Conferences had frontline union workers next to purchasing folks and engineers. Only some of the people had quality as a full-time career. Most just wanted help integrating it into their jobs. We see ISSP the same way, a place for people of different disciplines who have sustainability as part of their job to share ideas and build better practices.*

Hunter: I'm proud to be a part of that.

Webinar reminder

How ESG (Environment/Social/Governance) Criteria Are Used by the Investment Community

June 12, 2008 @ 9:00am Pacific time.

FREE to ISSP members.

David Loehwing of Pax World Mutual Funds

While there is no universal set of standards that define what a "sustainable" organization is, various investment funds are currently using "screens" to determine whether or not to include companies in their socially responsible or sustainable investment funds. In the absence of any other standard, these screens could become the de facto definition for sustainable business. Tune into this webinar to hear how the investment community is approaching this and whether their standards might help you rate your own organization.

This webinar will explore how investors view sustainability; how socially responsible investing has impacted the market; the difference between SRI and sustainability; and what businesses must do to meet investment criteria.