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Walking the Talk: The Business Case for Sustainable Development

Charles O. Holliday, Jr., Stephan Schmidheiny,
and Philip Watts (Berrett-Koehler,
San Francisco; 2002; ISBN 1-57675-234-8)
\$29.95

Cradle to Cradle: Remaking the Way We Make Things

William McDonough and Michael Braungart
(North Point Press, New York; 2002;
ISBN 0-86547-587-3) \$25

REVIEWED BY ALIS VALENCIA

Corporations are increasingly in the public eye, held responsible for the environmental harms and social inequities that can be linked to their activities. This adds new dimensions to conventional management concerns, complicates decision making, and necessitates a broadening of expertise among managers and consultants. Gaining such expertise remains a challenge: The topics of environmental management, social responsibility, and global sustainability have begun to emerge in the curricula of some business schools, but there is still little

formal opportunity to get a basic grounding in the topics. One way to begin is to do some reading. These two books offer very different approaches on how to think about and act to promote sustainability through business practices.

Walking the Talk is the latest of several books originating from the Swiss-based World Business Council on Sustainable Development (WBCSD). The organization, which currently has more than 160 member companies representing many of the world's multinational corporations, had its origins in the period leading up to the 1992 Earth Summit (U.N. Conference on Environment and Development), when Stephen Schmidheiny gathered a group of some 50 CEOs together to produce business input for the meeting in Rio de Janeiro. Ten years later, the WBCSD "continues to seek ways by which companies can achieve economic vitality while helping the planet toward environmental and social vigor." In particular, it focuses on sustainable development, or "meeting the needs of the present without compromising the ability of future generations to meet their own needs."

The stature of the book's authors—Charles O. Holliday, Jr., Chairman and CEO, DuPont; Stephan Schmidheiny,

Chairman, Anova Holding AG; and Philip Watts, Chairman of the Committee of Managing Directors of the Royal Dutch/Shell Group of Companies—lends considerable credibility to this work. Their guiding premise is that "sustainable development is best achieved through open, competitive, rightly framed international markets that honor legitimate comparative advantages," and they focus on ten "building blocks of sustainable progress," which call for significant changes in business and society:

- Remove the constraints on achieving a truly free market.
- Practice eco-efficiency by creating more value with less impact.
- Become socially responsible by working with employees, their families, the local community, and society at large to improve their quality of life.
- Make sustainable development a strategic corporate objective.
- Work in partnership or alliance with other companies, government, and civil society.
- Supply consumers with information on the social and economic effects of their choices.

- *Find* new ways to meet society's needs with markedly lower reliance on materials, energy, labor, and waste production.
- *Assign* financial values to the Earth's resources to facilitate market-based mitigation of environmental degradation.
- *Enable* full access to effective markets.
- *Spread* consumer purchasing power.

Each chapter on a building block presents a case for its need, describes the challenges involved, offers possible tactics for achieving goals, and supplies brief case studies illustrating WBSCD-member efforts. As might be expected with a book of intermediate length, the authors skim the surface and focus on describing what, not how. But they succeed in capturing the state of the art, and on that basis alone the book is valuable.

Do the authors make a case for their approach to sustainable development? They do if trends in financial performance persist: The Dow Jones Sustainability Index, launched in 1999, has consistently outperformed the Dow Jones Global Index. And they do if one accepts the premise that market-driven change will do the trick. This is conventional thinking in the business community, and I expect the approach advocated in *Walking the Talk* to be widely embraced.

There are, however, weaknesses that give me pause. One is use of the phrase *sustainable growth*. If used in an ecological context, this is an oxymoron because the finite nature of the Earth's resources will at some point cause growth to be halted. Indeed, in some cases—naturally occurring fresh water, for example—the limits are already becoming apparent. The business and economic communities will ultimately need to grapple with the implications of extrinsic limits on growth.

Another weakness is the use of a catch-22 to *avoid* responsibility for walking the talk. The authors excuse this circumstance with the argument that the three sectors of society—business, government, and civil society—must progress at about the same speed because they need to be aligned. For example, politicians won't run for office on the promise of full-cost pricing, consumers won't demand to pay such higher costs, and business will not lobby lawmakers for higher prices. But we have ample evidence of the strong influence business has on government, so if change were truly desired, we would see it reflected in both political and business circles. Even if the corporations committed to sustainable practices form too small a group to have much influence on government policy, they have the stature to be heard. Witness the decision of several U.S. companies to meet emission limits set by the Kyoto Protocol despite U.S. government refusal to sign the agreement.

Still another problem is the reliance on market mechanisms to effect change. This is an article of faith: In theory the right market conditions will generate positive results, but in practice we don't know if this will happen because the market—in the United States or any other place—has never met the requisite conditions. Nor do we even know if this is possible. The devil also lies in the details: The authors argue the merits of turning natural resources into commodities because “we do not protect what we do not value.” Resources essential to life—water, for example—can become products to be bought and sold. But might not this put us at risk of playing with fire? If wealth is distributed unevenly, so might water. Such a circumstance could lead to an explosive social reaction.

Also troubling is the evident lack of change in mind-set. *Walking the Talk* represents more a quantitative than

qualitative response to changing circumstances. Not only is reliance on markets extended to new domains, but shareholder value also remains the driving imperative, unbalanced by the needs of other stakeholders. Using less and causing less harm to people and environments are the principal avenues to sustainability. But will such changes suffice? How wise is it just to tinker with a system that has rewarded many of the corporate practices now deemed undesirable? I think it important to recognize that the corporate sector itself has been resistant to change. Today, for example, corporations are run in much the same way as they were 100 years ago: Command and control remains the dominant approach to management, employees represent an expense to be minimized, costs (environmental and otherwise) are externalized, and so on. And when there has been change, it has usually been imposed from without. Perhaps business doesn't have the only or the best answers.

In fact, the authors of *Cradle to Cradle*, one an architect (William McDonough) and the other a chemist (Michael Braungart), turn conventional notions about industry and the environment upside down: “The key is not to make human industries and systems smaller . . . but to design them to get bigger and better in a way that replenishes, restores, and nourishes the rest of the world. . . . What if humans designed products and systems that celebrate an abundance of human creativity, culture, and productivity? That are so intelligent and safe, our species leaves an ecological footprint to delight in, not lament?”

Rest assured, this is not pure fantasy. Since 1991, McDonough and Braungart have collaborated in working with such clients as Nike, Herman Miller, and Ford to implement their design principles. Nature has served as their teacher; that natural systems not only take from nature but also give something back has

been a fundamental lesson. They argue that humans can do the same; for example, “build factories whose products and by-products nourish the ecosystem with biodegradable material and recirculate technical materials instead of dumping, burning, or burying them.”

Cradle to Cradle itself is an example of such a product. Though looking and feeling like a typical book (but for its greater-than-expected weight), no organic material such as wood pulp or cotton fiber was used in its manufacture. What looks like paper is a synthetic material made from plastic resins and inorganic fillers that is waterproof, durable, and recyclable by conventional means, so that its components can be broken down and reused over and over again.

The authors present many guiding precepts, including the following:

- *Eliminate* the concept of waste by designing products with the understanding that waste does not exist in natural systems.
- *Compose* products of biodegradable materials that become part of biological cycles or of technical materials that remain in closed-loop technical cycles, and avoid contaminating one sort of material with the other.
- *Practice* eco-effectiveness, which means working on the right products, services, and systems, not making the wrong things less bad. It means look-

ing beyond purpose to ask, What are the product's goal and possible effects across space and through time? and What is the whole system—cultural, commercial, ecological—of which it would be a part?

- *Incorporate* considerations of a triple *top* line—economy, equity, and ecology—when planning a product or system.
- *Respect* diversity—biodiversity and diversity of place and culture, desire, and need—and so produce the *fittingest* products and systems.
- *Recognize* that all sustainability is local.

There is no explicit mention of “the market” in this book, though matters of cost are touched on a couple of times. I find this refreshing, not because market considerations are unimportant but because they are not the end-all and be-all. By focusing on the immediate realm of business—creating products and services—*Cradle to Cradle* offers guidance on how industry can contribute to sustainability by doing what it does best. Might this be a more effective approach than advocated in *Walking the Talk*? Read both books and judge for yourself.

Alis Valencia is Editor of C2M. She has written several articles on the relation between business practices and environmental issues.