

URBAN COOL

L. Hunter Lovins corrals sustainable small businesses to take on more rigorous goals.

By Sara Stoud



As co-founder of the Rocky Mountain Institute, co-author of “Natural Capitalism” and a founding professor at San Francisco’s Presidio School of Management, L. Hunter Lovins’ influence is wider than the brim of her signature cowboy hat.

But that’s not stopping Lovins, who has consulted for huge clients including Wal-Mart (NYSE: WMT) and U.S. Department of Energy, from looking for new areas that can benefit from her expertise. This time around, though, she’s shooting at a smaller target. Through a venture she’s working on with New Voice of Business co-founder Elliot Hoffman, Lovins is working to help more small businesses improve their operations through sustainable practices.

Sustainable Industries caught up with Lovins in San Francisco, where she talked about her new endeavor, the importance of sustainability-focused education programs and her plans for world domination.

SI: What are you working on these days?

LHL: I run a group called Natural Capitalism Solutions, which is a nonprofit that works with companies, countries and communities on ways to use resources more efficiently.

We are also creating a for-profit, Natural Capital Inc., that is working particularly with small business on ways to cut their carbon emissions, use of energy [and] use of resources. We’re helping small businesses become more sustainable, more profitable, by pulling leaders of small businesses together in learning circles using a Web-based implementation tool ... that lays out for a small company how to do business. It’s the equivalent of hiring me or my staff, but at a much lower price point. ... We are running our first beta group here in the Bay Area. We’ll be launching several more over the next couple months.

Now if you’re a tiny business, we have several other products, one being

the tool itself. You can buy this Web-based implementation tool... [and] also sign up for a weekend workshop where one of our coaches will walk you through how to use the tool. And this is a very cost-effective way for small businesses to actually implement this stuff. How do you do a carbon footprint? What does it mean? What are the measures that can cut your use of energy and water ... that can increase the profitability of the business and also engage your employees?

When businesses start doing this, one of the first things they find is what they're doing in the business and what their employees want for their families and their communities starts to come together. And this unleashes a lot of creativity, helps businesses innovate and better engage with their stakeholders, better brand themselves and gain a whole array of competitive advantages.

SI: Are there different strategies for working with big versus small businesses?

LHL: Big businesses use a lot of different equipment. So, for example, in recommending how you would cut energy waste in your heating, ventilation and air conditioning systems, we'd be talking about whole different technologies. In running an office, it's not that much different whether you're a [several] person office or an office tower. The materials you buy are basically the same—it's just a question of how much of it [do you buy]? What you do with your waste is essentially the same—it's just a different amount. There are some similarities and differences. Big businesses tend to have issues around supply chain ... but essentially the opportunities are the same. There's yet to be a business I've walked into that doesn't, in effect, have dollar bills lying on the floor [in the form of] waste that they can cost effectively capture the savings from. That money goes right into your pocket.

SI: In a previous interview with us, you said greenwashing is good because hypocrisy is the first step to real change [see "Back in the saddle," *Sustainable Industries*, March 2008]. Do you still agree with that and are you seeing more companies making the transition from hypocrisy to real change?

LHL: We've seen a huge upswing, particularly in big businesses announcing that they're going "green." General Electric (NYSE:GE) is my favorite example. Ecoimagination was nothing more than badging as "green" products they were already making, with a tepid commitment to climate protection. In fact, they vastly overachieved in their climate protection goals and now they're starting to make a whole spate of "green" products, in part because of the savings they achieved, in part because of the appreciation they got, in part because of the advantage to their brand and because when you stand up and say, 'I'm green,' then everybody looks at you and says, 'Oh yeah, how?' And it's an evolving relationship between the NGOs, the sustainability experts and these companies. It can feel fairly brutal, when people start calling you on it, but at the same time that's what helps you as a company understand the sustainability space and implement genuine sustainability.

SI: Given the amount of claims being made, is there enough accountability?

LHL: It is an oscillating situation, where companies will get away with it for a little while then suddenly find themselves slammed. But in an Internet world, companies are fairly transparent. Consumers, I think, are profoundly confused, though, and there is a real need for better labeling for certification systems that enable an ordinary consumer to quickly get and have some verification that these claims are real.

SI: As a founding professor of Presidio [School of Management], looking back over the past six or seven years, what do you think the impact of that

SI: Can you share what types of businesses are getting in on this first beta phase?

LHL: For example, the CEO of New Resource Bank is part of the group. Now, New Resource is a pretty green business and they have a [Leadership in Energy and Environmental Design] building, and yet we're still finding opportunities for them to save.

What the CEOs are finding is their tribe. They're finding like-minded CEOs, people who care about these issues but who haven't had anyone to talk to. We're also finding that the businesses are doing business with each other. ... One of the ongoing features of participating in our program [is we] will be a learning network that alumni can join, so that when they have a question they can reach out to everyone else who's been through the learning circles. When they have a success they can post it [on the Web site]. It's a way of engaging in this ongoing learning process.

SI: Is there a geographical component?

LHL: San Francisco and Colorado initially. ... The UN has asked us to translate the material for small businesses throughout Southeast Asia. So, our ultimate goal—as any good business—is world domination; but I think it's going to take us a little while to get there.

There are lots of us who consult to the big businesses. It's very cost effective for a big business to bring in a sustainability consultant and hire a chief sustainability officer and create a sustainability group within their company. But little businesses can't afford us and there just wasn't an offering. ... Small business is half of the non-farm economy in the United States, 90 percent of the non-governmental employers. ... What we're trying to do is make sure small businesses can get the same advantages of sustainability that we've been bringing to the big businesses.

program, and the introduction of sustainability into education in general, has been? What changes have you seen?

LHL: [It's had a] pretty enormous impact and the job is still just beginning. We've gone from three schools that could with some honesty be called sustainable MBAs, to well over 150 [listed in Aspen Institute's "Beyond Grey Pinstripes"] and more traditional business schools announcing programs in sustainability every day. We've gone from going on gut, alleging that behaving in ways that are more sustainable is a better way to do business, ... [to having] an iron-clad business case. It's simply a better way to do business. It enhances your profitability. In fact, it enhances every aspect of what we call the integrated bottom line.

If you're a business school and you're not educating your students to be graduates with capacity in these issues, as a school you're arguably in violation of fiduciary responsibility. I wouldn't hire someone who didn't have sustainability literacy, who didn't understand what stakeholder engagement is, how to implement eco-efficiency, how to manage a company for sustainability, profitability and prosperity.

SI: Are these needs being met [by educational institutions]?

LHL: There's an enormous gap. Most colleges and universities are still siloed. ... You take a discipline like biomimicry, which companies are using, asking how does nature do business ... and using that to drive innovation [see "Evolution meets creation," *Sustainable Industries*, August 2009]. If your economics grads don't know the basic business case for sustainability and your economics and business grads don't understand biology, they're ill prepared to do business in today's world. ... Environmental studies programs, sustainable business programs, are the closest that young people can come to understanding the interconnection between how all this works, which is the education they need to succeed in this very complicated world we all live in. ●

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