

Shared Air Summit 2005
Toronto, Canada
June 20, 2005

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Chairman of the Board

Thank you, Minister.

Greetings from Atlanta.

My assignment today is to address leadership. So I will tell you a story of unlikely and reluctant leadership with pretty remarkable results. Feel free to look for principles as I speak.

If you will, follow me in your imagination for a few minutes. You are 60 years old. (That may be easier for some than others.) The company you founded when you were 38 is now 21+ years old. Amazingly, it survived start-up from absolute scratch—a green field start-up from just an idea for a new product. You remember vividly that day in your start-up year, in the teeth of a recession, when your factory had been built and equipped, your initial work force hired and trained, raw materials bought and paid for, products developed, and there was not a single order on the books. You learned that day, indelibly, the value of the customer—the source of the next order, the next heart-beat, without which *everything* would be lost.

But, now, in your 61st year the business has succeeded beyond anybody's wildest dreams. At age 21, it is a public company, doing business in 100 countries, with manufacturing on four continents. It has come through three major recessions, including that start-up recession, and is on its third leg up. Sales are approaching a billion dollars a year. It (and you) are a success by anybody's standard definition of success.

Furthermore, you have put a succession plan in effect. The next generation of management is in place and battle-tested; they have brought your company through the recent recession. At age 60, where do your thoughts turn? To retirement in the mountains, to the sea shore? To chasing a little white ball? To travel and leisure?

Some one has said that, "Everybody has just one story to tell, her or his own story." I have just given you a brief excerpt from my story. That's where I was 11 years ago. What I haven't told you, yet, is what else was going on the summer of 1994.

The birthing of a new company from scratch had been a frightening experience, especially when one's life savings had been at risk and one's two daughters had been teenagers, the older just two years away from college; and one had left the security of a perfectly good job with a perfectly good company to "bet the farm" on this new product

idea. You can appreciate, one would have developed a very special attachment to this “third child” (after one’s two natural daughters). And one would care a great deal about what this child would grow up to be. Very naturally, a sense of legacy would be working away in one’s subconscious, if not one’s conscious, mind, in the summer of one’s 61st year.

How then would you, in this position, have reacted if you had begun to hear through your sales force a strange, new question from your customers (to whom you had learned to listen very carefully 20 years before, looking at that empty order book)? The question: “What is Interface doing for the environment”? How would you have responded if you had begun to hear about requests for bid quotations that asked your company to state its environmental policies when it competed for business? What would you have said if a report had come to you through one of your top sales managers that a certain environmental consultant to a certain major customer had said, “Interface just doesn’t get it”? And that piece of business was slipping away.

Do you know what *I* said? “Interface doesn’t get *what*”? (Rather confirming the consultant’s comment.)

If you have been following in your imagination that 21 year preamble, you may now be able to identify with me when two of my managers approach me with the assertion that our sales force is begging for answers. What *are* we doing for the environment? What *are* our environmental policies? And they suggest convening a new task force of people from our businesses around the world to assess our company’s environmental practices, to begin to frame some answers.

“That sounds good to me”, I say. “Go for it”. Then the show stopper: They say, “We want you to address the new task force, give it a kick-off speech, and launch it with your environmental vision.” What? What environmental vision? In my whole life, I have never given one thought to what I or my company are taking from the earth or doing to the earth. I do not have an environmental vision. I do not want to make that speech. I cannot get beyond, “We obey the law. Comply.” So, I drag my feet, but they stay on my case. Finally, I relent and agree to speak. The date is set: August 31, 1994.

Come the middle of August, I have not a clue as to what to say, but I know, “Comply” is not a vision. I am sweating. It is a propitious moment.

At that very moment, a book lands on my desk. It has come by a circuitous route. A young woman in Seattle, working for the State of Washington’s Environmental Protection Department, hears a guy speak, likes what he has to say, and buys his book. After reading it, she sends it to her mother, a sales manager for a carpet tile company who has had to endure and relay the message, “Interface just doesn’t get it”, and has also had to choke on her CEO’s response, “Interface doesn’t get *what*”? The book is about “*What*”; she sends it to her CEO, me, and it lands on my desk at that propitious moment. It is entitled, “The Ecology of Commerce”. Its author is Paul Hawken. I’ve never heard of him.

It is pure serendipity. Without a clue as to what is in it, I start to thumb it. On page 19, I come to an arresting chapter heading, “The Death of Birth”. I begin to read. On page 25, I find the full meaning of the chapter heading, and encounter four terms I have never before heard mentioned together in one paragraph: carrying capacity, overshoot, collapse, and extinction, i.e., the death of birth. Species disappearing never ever to be born again. I read:

“A haunting and oft-cited case of overshoot took place on St. Matthew Island in the Bering Sea in 1944 when 29 reindeer were imported. Specialist had calculated that the island could support 13 to 18 reindeer per square mile, or a total population of between 1,600 and 2,300 animals. By 1957 (13 years), the population was 1,350; but by 1963 (6 years), with no natural controls or predators, the population had exploded to 6,000. The scientists double-checked. The original calculations had been correct; this number vastly exceeded carrying capacity, and sure enough, the population was soon decimated by disease and starvation. Such a drastic overshoot, however, did *not* lead to restabilization at a lower level, with just the “extra” reindeer dying off. Instead, the entire habitat was so damaged by the overshoot that the number of reindeer fell drastically below the original carrying capacity, and by 1966 (just 3 years later) there were only 42 reindeer alive on St. Matthew Island. The difference between ruminants and ourselves is that the resources used by the reindeer were grasses, trees, and shrubs and they eventually return, whereas many of the resources we are exploiting will not.”

Reading this for the first time nearly 11 years ago, I *knew* it was a metaphor for the earth and humankind. It was an epiphanal moment, a spear in the chest.

I read on and was dumbfounded by how much I did not know about the environment, and the impacts of the industrial system on the environment—the industrial system of which I and my “successful” company were an integral part. A new definition of success burst into my consciousness, and the latent sense of legacy asserted itself. I got it. I was a plunderer of Earth, and *that* is not the legacy one wants to leave behind. I wept.

Hawken made the central point of his book in three parts: 1) The living systems and the life support systems of Earth are in decline; we are degrading the biosphere; unchecked, it will continue to decline and we will lose the biosphere. It contains and supports all of life. 2) The biggest culprit in this decline is the industrial system—the linear, take-make-waste industrial system, driven by fossil fuel-derived energy, wasteful and abusive. 3) The only institution on Earth that is large enough, powerful enough, wealthy enough, pervasive enough, influential enough to lead humankind out of the mess it is making for itself is the same institution that is doing the most damage, the institution of business and industry—my institution, for most of you, your institution.

I took that message to heart and made that speech, drawing shamelessly on Hawken's materials. I challenged that tiny gathering of people, only about 16-17, to lead our company to sustainability—which we defined as eventually operating our petro-intensive company (energy and materials) in such a way as to take nothing from the earth that is not naturally and rapidly renewable—not another fresh drop of oil—and to do no harm to the biosphere. I just stunned that little group, and shocked myself with this challenge, and found for myself a whole new purpose in life—in my 61st year. I simply said, “Unless somebody leads nobody will. Why not us?”

For nearly 11 years, now, we have been on this mission; we call it, “climbing Mt. Sustainability”, a mountain higher than Everest, to meet at that point at the top that symbolizes zero footprint—zero environmental impact. Sustainable: taking nothing, doing no harm. I have told that story in far greater detail in the book I published in 1998, entitled “Mid-Course Correction”. Its title is intended to represent my own personal mid-course correction, my company's, and the one I would wish for humankind. And especially its industrial system. Today, I would praise Paul Hawken's third point differently: unless business and industry come aboard, our descendants will inherit a hellish world.

And, the amazing thing is, it has been incredibly good for business! What started out as the right thing to do quickly became clearly the smart thing, as well. We are leaner; our costs are down, not up. Cost saving from eliminating waste alone, the first face of the mountain, have been \$262 million. Our products are better than they have ever been, because sustainability and Biomimicry have proven to be unimagined sources of inspiration and innovation. Our people are galvanized around a higher purpose. Maslow had it right in his hierarchy of human needs: self-actualization is at the top, and that translates into higher purpose. To round out the business case, the goodwill of the market place has been astounding! No amount of advertising could have generated as much, or contributed as much to the top line—to winning business. To our customers here I would say thank you, believe me, we do not take it for granted. Good will is earned today. And this we promise, never knowingly to foist an inferior product on you in the name of sustainability.

During the last five years, those four advantages—costs, products, people, goodwill—have been the salvation of Interface during a recession that saw our primary marketplace shrink by 38% from peak to trough—38%! As a heavily leveraged company with over \$400 million in debt, we might not have made it without the sustainability initiative and, especially, the support of our customers. This revised definition of success—this new paradigm—has a name: “Doing well by doing good”. It is a better way to bigger profits.

How are we doing on reducing our environmental footprint? Here are some metrics, comparing 2004 with our baseline year 1994:

- Waste,– US \$262 Million (cumulatively), more than paying for the

entire mountain climb.

- Net GHG Emissions, – 52% (absolute tonnage) (35%, efficiencies and renewables; 17%, Off-sets)
- Non-Renewable, fossil energy (carpet operations), – 43% (relative to sales)
- Water usage, – 66% (relative to sales)
- Smokestacks, – 40% closed
- Effluent pipes, – 53% abandoned
- Trees for Travel, >52,000 planted (off-setting 78 + million passenger miles)
- Scrap to the landfill, – 80%, and
- 66 million lbs. of material diverted from landfills/incinerators by ReEntry® (collecting and recycling used products)
- Our customers can now buy “Cool Carpet®”
No net contribution to global warming throughout its life cycle, with independent, third party verification.

Our operation in Belleville, Ontario has realized very comparable results, actually somewhat better than the company average.

Today this reduced environmental foot print is reflected in every single product we make anywhere in the world; to be sure, in some more than others, but to a significant extent in every single one. Over the ten years, the entire production system has been redesigned, affecting *all* products, not just one here and one there. The target year for zero footprint, the top of Mt. Sustainability is 2020. I hope to live to see the view from the top of the mountain. It is a good thing that I come from long lived people.