



pure | STRATEGIES

a pureEnterprise case study

EMPOWERING SUSTAINABILITY AT STONYFIELD



“We had a great way of measuring our financial metrics, but we didn’t really have agreement within the company around our sustainability metrics.”

Nancy Hirshberg
FORMER VP OF STRATEGIC
INITIATIVES, STONYFIELD FARM

Companywide sustainability efforts are no longer the domain of just a few niche, dark-green brands. Regulations, customers, shareholders, resource scarcity and a tough economy are pressuring a growing number of well-established companies to set first-time sustainability goals in areas such as energy use, waste reduction, and water consumption. But goals alone are no guarantee of success. Market-leading sustainable brands like Seventh Generation, Patagonia and Stonyfield Farm learned through trial and error that unless these initiatives are integrated with regular business processes, they fall short for a host of reasons. With these lessons in hand, a second wave of companies can avoid costly missteps and garner the value of effective planning on the first try. What these businesses need is a tried-and-true process for setting appropriate sustainability goals, making them meaningful to the organization, and establishing the accountability systems necessary to succeed.

STONYFIELD'S MAP TEAMS

FACILITY GREENHOUSE GAS EMISSIONS

Eliminate GHG emissions associated with facility energy use through energy efficiency, renewable sources of power and sequestration.

GREEN CHEMISTRY

Identify chemicals that reduce or eliminate risks to human health, environmental toxicity and greenhouse gas impacts while ensuring food safety and product quality.

MILK

Develop best practices to minimize impacts from the production and transportation of the milk going into Stonyfield products.

STONYFIELD WALKING OUR TALK (SWOT)

Conduct all Stonyfield events, activities, and purchases in a manner that is consistent with the company's mission and values.

SUSTAINABLE INGREDIENTS

Ensure the company carefully considers its mission when making purchasing decisions about ingredients.

TRANSPORTATION & DISTRIBUTION

Develop best practices to minimize emissions from the transportation of finished product.

WATER

Reduce overall water consumption while maintaining superior quality.

ZERO WASTE

Eliminate waste and maximize recovery of materials.

SUSTAINABLE PACKAGING

Create the most environmentally sustainable product packaging possible.

“We wanted to organize around our impact on the planet... build agreement within the company around those areas, and then hold people accountable.”

Nancy Hirshberg

FORMER VP OF STRATEGIC INITIATIVES, STONYFIELD FARM

Background: Failure of Sustainability as an ‘Add-on’

Once a company grows beyond 50 employees with well-defined divisions under career-track managers, it may have numerous, disjointed programs for environmental and social performance. Without clearly established long-term goals and a place in the firm's annual planning and budgeting process, these programs are typically marginalized and fail to serve core business processes. As add-ons, they achieve little with each passing year, and sustainability managers end up relying on persuasion to encourage various parts of the business to embrace sustainability. Inevitably, when it comes to crunch time (and it always does), division managers focus on the tasks for which they are tracked and accountable to the executive suite. The head of manufacturing may agree in principal to additional work that would reduce energy use or solid waste, but when the going gets tough, he or she buys the equipment and hires the personnel to achieve increases in productivity, improvements in quality, or whatever other markers have been set and agreed upon by senior management.

In 2001, Stonyfield had the “add-on” dilemma. It was the fifth largest yogurt maker in the U.S. with just over \$50 million in sales of organic and natural products. Nancy Hirshberg—at the time Vice President of Natural Resources, and VP of Strategic Initiatives—and her small staff were solely responsible for the environmental and social attributes of everything from plant operations to packaging to coordinating with the organic industry. Double-digit growth year over year and a never-ending battle to meet consumer demand threatened to overshadow the company's long history of environmentalism, and with new hires from the conventional dairy industry quickly filling expanded tiers of management, Hirshberg recognized the need for a comprehensive framework to talk about sustainability throughout the company. “We had a great way of measuring our financial metrics, but we didn't really have agreement within the company around our sustainability metrics,” Hirshberg explains. “So, we wanted to develop a baseline for measurement, and then have a process for the company to set goals and buy into them.”

Hirshberg pulled together a team of 12 middle managers and began developing a comprehensive set of performance metrics. Over the course of six months, they solidified 15 metrics on employee well-being, 5 indicators for family farms, and 8 for the environment (in addition to existing measurements for profitability and quality) for a grand total of 36 indicators in a single tracking system. The aim was to produce a quarterly report and a dashboard from which managers throughout the company could identify progress and gaps within their spheres of influence. “What we learned from that process was that 36 metrics are way too many, and they were just overwhelming for people,” Hirshberg says. The system collapsed under its own weight in a little over a year. Ultimately the team rationalized the list of 36 metrics down to seven total, a change that improved measurement and tracking, but did little to motivate behavior change or drive accountability within the company.

34%

ABSOLUTE REDUCTION IN
TRANSPORTATION GHG
EMISSIONS FROM 2006-2011
CORRESPONDING TO \$14.7
MILLION IN AVOIDED COSTS

2.6 MILLION

DOLLARS IN SAVINGS FROM
17% REDUCTION
IN FACILITY ENERGY USE
AND GHG EMISSIONS FROM
2007-2011

70%

PERCENTAGE OF
RENEWABLE (BIO-BASED)
PACKAGING USED AS OF
END OF 2011

6.1 MILLION

SAVED BY PREVENTING
MILLIONS OF POUNDS OF
WASTE PLASTIC
THROUGH PACKAGING
REDUCTIONS

The pureEnterprise™ Process

At this point, Hirshberg went back to the drawing board with the assistance of Tim Greiner, Co-founder and Managing Director of Pure Strategies. “The development of a company-wide sustainability measurement system was useful,” Greiner notes. “But ultimately the metrics didn’t matter. The responsibility for sustainability performance remained with the sustainability department, and no one else was really accountable for moving the dial on the metrics. The goals and initiatives were still Nancy’s.” Together they turned to the strategic process, called pureEnterprise™, developed by Greiner and Pure Strategies partner Bob Kerr through work with earlier clients. The first major step is to gain executive-level commitment for an integrated vision of sustainability. In the case of Stonyfield, CEO and Co-founder Gary Hirshberg (Nancy’s brother) provided this support, along with the company’s COO and other senior VPs, who threw their weight behind a company-wide initiative called the Mission Action Program (MAP). The new program was based on the company’s founding mission: To serve as a model for environmentally and socially responsible businesses that can also be profitable. “We wanted to organize around our impact on the planet,” Hirshberg says. “The whole idea was to build agreement within the company around those areas, and then hold people accountable.”

The following summer, Hirshberg and Pure Strategies launched MAP with an off-site meeting of senior company leaders, department managers and key staff, divided into teams for each impact area (see page 2 sidebar). The teams set near-term and stretch goals, and budgets to be included in the coming fiscal-year’s planning process. Pure Strategies provided technical expertise as needed, in many cases, giving teams the confidence to set stretch goals for which they could not yet imagine an immediate solution. The Packaging team, for example, set a goal of achieving 100 percent sustainable packaging (by the Sustainable Packaging Coalition definition) and to make 5 percent annual improvements towards this goal between 2007 and 2015. “What’s so unique about Pure Strategies and Tim Greiner is that he not only has the technical knowledge, he also has the organizational-management piece down. He knows the people stuff,” Hirshberg says. “For instance, at our kick-off meeting there were certain things that couldn’t be said by me, they had to be said by an outside person—such as his impressions of us compared to other companies, or what other companies out there are doing.”

Each team had a 30-day period after the initial kickoff to review its commitments and determine what support and resources the team would need before submitting a one-year action plan for CEO approval. In addition to setting sustainability goals, the teams agreed to incorporate those goals into the HR process for job descriptions, performance reviews and bonuses. “This was a critical shift in the way Stonyfield addressed sustainability,” Greiner adds. “We attached it to the people who were responsible for all the key decisions—What do we source? Where do we source it? What do we make? How do we make it? What do we package it in? How do we move that product?”

For the next six months, Hirshberg’s staff and Pure Strategies assisted the teams as they continued planning and moved into implementation. When they reconvened the following summer to present the results of their work, Greiner says it was obvious the organizational culture already had begun to change. “Some teams knocked it out of the park, and others didn’t,” he says. “But you could sense those middle managers and project-team leads wanted to be successful. They didn’t want to get up there in front of their peers and report they hadn’t progressed on their goals.”

Stonyfield Buy-In

Semi-annual summit meetings continued off site for the next few years with astounding results. “Because we launched it with such a powerful, emotional training, people became very engaged, and then they just started doing it. It worked incredibly well—far greater than we ever anticipated,” Hirshberg says. “For the first time in our history, it absolutely unified us under clear, common environmental goals that we could hold people accountable to, and it allowed sustainability to no longer be about me and my staff. The process gave us ownership and buy-in. From certain areas within the company we’d always had it, but from others we didn’t. This got managers throughout the company to own responsibility for our environmental performance. From then on it wasn’t looked at as: ‘Oh, this is Natural Resources’ thing.’ They saw us more as facilitating the process, rather than making it happen.”

“The process gave us ownership and buy-in. From certain areas within the company we’d always had it, but from others we didn’t. This got managers from throughout the company to own responsibility for our environmental performance.”

Hirshberg adds that for many in the company MAP is exciting, because it demonstrates the connection between environmental and financial performance. Sales continue to grow while the company’s environmental impact is visibly reduced. Stonyfield is now the leading organic yogurt maker in the U.S. and has expanded its product portfolio to include numerous successful products and brands. The company sources more than 300 million pounds of organic ingredients annually, supporting roughly 200,000 acres of organic production each year—the majority of which is located in the U.S. In addition, all of the company’s organic milk comes from Organic Valley/CROPP, a national dairy cooperative with 1,300 family farmers throughout the U.S. In recent years, the company has received awards and recognition from organizations including the United Nations, EPA and the National Wildlife Federation, as well as a diversity of publications like Treehugger.com, Real Simple magazine, Vegetarian Times, Dairy Field magazine, and Business Week.

The pureEnterprise™ Process

Pure Strategies helps organizations such as Stonyfield Farm and many others to develop meaningful goals and create a clear pathway for enterprise-wide execution.



ENVISION

Set Sustainability
Vision and Goals



ENGAGE

Align Leadership
Develop Systems
Socialize within Organization



EXECUTE

Integrate into Budget
Implement Programs
Communicate Results

“What’s so unique about Pure Strategies and Tim Greiner is that he not only has the technical knowledge, he also has the organizational management piece down. He knows the people stuff.”

About Pure Strategies

In the past 15 years, Pure Strategies has led numerous clients through the strategic planning process we call pureEnterprise™. This includes clients such as Radio Flyer and Rockline Industries. Whether it’s a company with \$20 million or \$2 billion in revenues, integrating sustainability into a business is a scalable process that’s much more than utilizing metrics, appointing a sustainability officer, or developing a host of good sustainability projects. It’s about understanding— How do we make the business case? If a company can make that case to gain competitive advantage, save money, or increase customer loyalty, then the question is: How do we operationalize that? How do we weave it into the fabric of the business in a way that gets people in every division to care about sustainability performance? That’s what pureEnterprise™ does.



Watch Tim Greiner’s webinar: “Greening Stonyfield Farm” at www.switzernetwork.org



Tim Greiner, Pure Strategies’ Co-founder and Managing Director, specializes in building environmental and social integrity into products, brands, and businesses. He consults with domestic and overseas manufacturers, socially responsible businesses, and environmental advocacy groups. Current and

former clients include Seventh Generation, The North Face, Timberland, Stonyfield Farm, U.S. EPA, NRDC, Walmart, Millipore, and Dell.

Tim holds a bachelor’s degree in Materials Science Engineering from Rensselaer Polytechnic Institute and master’s degrees in Environmental Policy and Business from the Massachusetts Institute of Technology. He is a founding member of the Massachusetts Toxics Use Reduction Planners Association and a former Board Member and President. He is also founder of the Cape Ann Climate Change Network and is a Fellow at the Lowell Center for Sustainable Production. Mr. Greiner has work experience in industry as a Process Engineer for Fairchild Semiconductor. He also worked for the Massachusetts Office of Technical Assistance (OTA) as Project Director and Chief Engineer.



pure|STRATEGIES

To contact Tim Greiner directly:

(978) 525-0480

tgreiner@purestrategies.com

PureStrategies.com