
THE CULTURE CURE



*HOW DO WE MAKE PROGRESS IN A WORLD POLARIZED BETWEEN LEFT AND RIGHT? **ANDREW HOFFMAN**, A PROFESSOR OF SUSTAINABLE ENTERPRISE AT THE UNIVERSITY OF MICHIGAN'S ROSS SCHOOL OF BUSINESS, ARGUES THAT WHETHER YOU'RE TALKING ABOUT GLOBAL WARMING OR CORPORATE CITIZENSHIP, THE CONVERSATION NEEDS TO START WITH THE CULTURAL ISSUES AT THE CORE.*

Daniel Diez: What made you want to explore the role of culture and ideology in environmental and social issues?

Andrew Hoffman: I believe very strongly that environmental and social problems are, at their root, cultural issues—that technology may be the proximate source of environmental pollution, but it's our culture that tells us what kind of technology to make and how to use it. When we want to change the way we live around environmental and social issues, we really have to change our values and beliefs.

DD: What role does ideology play in the climate change debate?

AH: The climate change debate is not about climate change anymore. It's about ideology. It's been immersed in the culture wars along the same lines as abortion and gun control and the whole suite of issues that divide the left and right. The people are not debating carbon dioxide molecules and climate models—the science is much too complicated for the average American to study. They look around for cues for how to take a position from spokesmen and pundits, and then they analyze it through their own ideological lenses. The issue boils down to a question of trust in the scientific process, the role of government, faith in the market—even people's belief in God or a just world becomes challenged by these doomsday predictions. The question then becomes, how can we communicate what is a scientific consensus? Many people

like to believe there's not, but there is a scientific consensus. How do we create a social consensus? That gets down to communication and engaging people where they are versus where they're not.

DD: At Interbrand our hypothesis is that corporate citizenship is failing because most companies are not implementing and communicating programs in a way that makes them integral to the business. What do you think companies can do to make corporate citizenship a real business asset?

AH: For a company to address issues of environmental protection or social equity, they need to be able to frame it in the language of the business. To get it to stick and go to the core of the company, it has to be about increased consumer demand, improved operational efficiency, lower cost of capital. If it's merely an add-on for some kind of philanthropic reason, when the market gets tight, that program will be gone. But if it's central to the core strategy, you put your best and brightest on it and you will stick with it through thick and thin. You look at Toyota's Prius. Is that corporate citizenship? Absolutely not. That's corporate strategy, and that's when it sticks. It does require a creative manager inside the company to frame it in a way that engages the creative power of the organization. Some market signals are very quantifiable. The price of energy is going up: Let's conserve energy. Consumers are shifting toward buying more hybrids: Let's get into the hybrid market.

Some are less quantifiable and require more vision and leadership. Your employees may feel more committed to your company or more engaged in the workplace if they identify with the value statement that your company is putting forward on environmental and social issues. It's very hard to quantify, but it's very real and so it takes a clever leader to see these other kinds of signals and capitalize on them.

DD: Are you saying that it's a lack of the proper type of leadership? Is that why companies just aren't able to get it together and get it done?

AH: Well, we're right back to the idea that these are cultural issues. Framing becomes incredibly important. You can come in and say this is the right thing to do, and I'm going to say, "Why?" You could have a CEO of a company go to all of his or her division managers and say, "We're going to start to reduce carbon emissions because it's the right thing to do." And one of the division managers may come back and say, "No way, that's going to ruin my year-end bonus and I don't share the same values here. Show me why this makes us a successful company." And that's where it has to go. When the What Would Jesus Drive campaign got going, they actually got an audience with top executives from the Big Three, and I'm quite sure they were not re-examining their relationship with Christ in those meetings. They were looking at it as a business issue. Whenever I get companies saying, "We're doing this because it's the right thing to do," I roll my eyes and say, "Okay, now give me the real reason."

DD: So I guess we haven't yet made the business case for corporate citizenship.

AH: But it's different in every company. Inside a company, culture is everything, and every issue is translated differently into the culture of that particular company. If you go into Procter & Gamble, they are driven by consumers and consumer demand. If you go into Intel, they're all about operational efficiency. The culture you create determines the success you have, and when you try to integrate new or emergent issues like corporate citizenship or sustainability, it has to fit the culture. It has to work internally, and that affects who they engage and how they engage. Why did BP take its position on climate change? Why did Exxon Mobil take its position on climate change? It's been interesting to watch how the positions of those two companies have flopped when their CEOs shifted. There are people at Exxon Mobil who describe life before and after Lee Raymond—before you couldn't say the words "climate change" and now you can. At BP, when it was under John Browne, sustainability was everything, and now it's completely unfamiliar, so culture is everything.

DD: Let's talk a little bit about the media and the role it plays here. Do you think the media is helping or hurting this cause of promoting corporate citizenship?

AH: The media sources become ever more critical in today's age, and people are looking to the sources they go to for some kind of signal on where should they stand. The editorial page of the *Wall Street Journal* is very influential in the ways that many in the corporate sector think about these kinds of issues, and let's face it, they haven't been too friendly toward the idea of sustainability. Now with electronic media, this starts to get really dicey. We have so many potential sources of information that I can go to the web and pretty much find confirmation for any kind of position I want to hold. There's a new book that just came out called *The Filter Bubble* that looks at all these algorithms that are being developed now to understand our viewing preferences. They have a valuable purpose: steering us toward more choices that match our interests to save me time. But those algorithms are also affecting our access to information, and so if I go onto the web and repeatedly click on links that say "climate change is a hoax," and my girlfriend goes to links that continuously say "climate change is a great calamity," these algorithms will start to

understand our search preferences, and when we each type in climate change, we're going to get two different sets of information.

DD: This really plays into questions about young people, especially millennials, and what shapes their views on corporate citizenship and social change.

AH: The young people coming into the workforce are driven by a desire to have a career that makes a difference, to self-actualize through their career. I think that's more difficult when the economy becomes tight, but I think it's a very strong driver in today's generation, and there are corporations that recognize this. Jeffrey Immelt at GE says that their ecomagination campaign has done amazing things for their recruiting efforts. When BP first announced that climate change was real in 1997, one of the internal drivers of that was recognizing that they were having a tough time recruiting the best and brightest because no one wanted to work in the oil industry at that time. So the generational shift is important here.

DD: Is there a company you can point to whose culture you think really inspires innovation in the corporate citizenship space? One that you think really is doing something far above and beyond what their competitors are doing?

AH: Let me preface this by saying that any kind of answer to this question is fraught with peril. Take a major oil company—they have 180,000 people, all over the world. They have so many different activities going on that you can say, "Look at BP. They were so great on sustainability." And someone comes back and says, "Well wait, they were lobbying to drill in ANWR." These organizations are very complex, and to paint one with one single broad brush is really tricky. That said, I do find it fascinating when companies integrate these kinds of issues into the operations, into the strategy of the company. And so DuPont is looking at climate change and saying, "Oh boy, we've seen this before. Ozone depletion killed our market for CFCs, this one can kill our market for organic chemicals." So they're saying, "Let's see if we can get a little more control over the price of our feedstock and energy prices." They're really trying to get into developing biopolymers and biofuels to save themselves from the dangers of being totally reliant on oil. I've seen the

inside culture at DuPont and I find it very agile and versatile if you look at who they've been over the centuries—from gunpowder to dyes to organic chemicals. There are big companies doing interesting things, but they're part of a complicated mix. I also find the whole domain of hybrid organizations fascinating. They're really challenging the shortsighted mantra that the sole purpose of corporations is to make money for their shareholders. There are a lot of other constituents that fit into that equation: your employees, your customers, and others. There are certain institutionalized myths we have in business that really are mindless, and to think outside the box is really exciting. ■