

COMPANIES WITH A CONSCIENCE



INTIMATE
PORTRAITS
OF TWELVE
FIRMS THAT
MAKE A
DIFFERENCE

MARY SCOTT AND
HOWARD ROTHMAN

Companies With a Conscience

*Intimate Portraits of Twelve Firms
That Make a Difference*

Updated and Revised

Mary Scott and Howard Rothman

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Companies With a Conscience

TO OUR FAMILIES, WITH LOVE

Preface

A new kind of company is surfacing in America. The growing need to care for our planet and its diminishing resources and the heartfelt desire by many up-and-coming firms now able—and willing—to contribute to their communities are combining to spawn a new era of socially responsible business. The “Companies With a Conscience” have arrived.

Profitable, alternatively conceived endeavors have sprung up in industries as diverse as banking and rock and roll. Often quirky but always quality driven, these companies succeeded through the early nineties as many of their less-than-conscientious peers fell victim to recession or scandal. This book—almost two years in the making—presents a close-up look at the companies and the people who compose the nucleus of this conscientious corporate movement. A dozen enterprises from across the United States are introduced in portraits that reveal both an uncanny flair for business and an uncommon commitment to people.

As the nineties wear on, it becomes increasingly apparent that business in general can no longer function or be judged solely on the basis of fiscal nets and grosses. A positive impact on employees, customers, and the community at large has assumed an equal or even greater significance in the overall picture. Today’s bottom line encompasses more than just dollars and cents, and corporations of all sizes and philosophical orientations are beginning to recognize this.

Companies With a Conscience: Intimate Portraits of Twelve Firms That Make a Difference looks closely at companies that have supported this concept since their inception. Each is captured in a profile that is based on the recollections and analyses of its founding entrepreneur and other major players. The vision, principles, and practical applications that led to annual sales of \$100 million or more are explained by those who know them best. Supporting characters—those not integral to the formation and basic structuring of these enterprises—offer their opinions and comments on a first-name-only basis.

Companies With a Conscience examines the alternative route that these twelve companies—and several dozen more, in shortened form—have taken to success. It is for everyone who has adopted a conscientious life-style of their own. Business owners, corporate leaders, department managers, and most especially, members of the general public who deal with these companies and their employees every day will find the material intriguing and inspiring.

Acknowledgments

As we worked on *Companies With a Conscience*, we learned that our greatest source of information was the people we know—our family, our friends, and our colleagues. They sent us newspaper and magazine clippings, called us with ideas, and made countless suggestions that were invaluable to the project. The genuine interest and input of these people helped make *Companies With a Conscience* happen.

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Companies With a Conscience

Introduction

In October 1993, more than six hundred like-minded business people, members of a group called Businesses for Social Responsibility, met for a two-day conference in Washington, D.C. President Bill Clinton was one of the first speakers to address the group. "I have admiration for this organization," he said. "I believe the purpose of policy is to help the American people live up to the fullest of their God-given potential, and help them live together in strength and harmony, and to fulfill their responsibility, as well as their dreams.

"That obligation can be met in different ways, in different times," he continued. "Sometimes the history of the nation can only be met by a willingness to undertake the rigors of profound change. I believe this is the time."

A new energy, a new motivation, and a new drive is sweeping business in America in the 1990s. Since the original printing of the hard-cover edition of *Companies With A Conscience* in December, 1992, there's been an outburst of the newest generation of caring capitalism. An increasing number of university business schools and undergraduate programs are adopting business ethics programs; regional and national business groups are forming to address issues of social responsibility; an increasing number of businesses are adopting environmental and social programs; and we have an administration that salutes businesses as agents for change.

It's much easier now, in hindsight, to explain why we wrote *Companies With a Conscience* than it was to articulate the fine points of

the project when it first came up early in 1991. At that time, the two of us began talking about the way corporate America seemed to be resetting its moral compass. We marveled at how the greed-is-good, house-of-cards economic engineering of the eighties was no longer in favor. And how the Michael Milken, Charles Keating, and Gordon Gekko of our world—real-life Wall Street money men and cinematic West Coast power brokers alike—were suddenly and decisively out of fashion.

Because our professional and writing careers had been spent concentrating on topics like progressive business management and our personal lives had been marked by a long-standing commitment to a variety of social causes, we were more than a little interested in the trend. We decided to find out just what was going on.

From the start, evidence of this newfound ethical standard appeared everywhere. Companies like Apple Computer and Wal-Mart were actively encouraging their employees and customers to recycle. Campbell Soup and H. J. Heinz were among those offering on-site day-care programs. Avon Products and General Mills were developing policies to help female and minority workers. Coca-Cola and 3M were investing heavily in community outreach efforts.

We also discovered that the environment really had taken center stage and that corporations of all persuasions were jumping over one another to initiate “green” policies. Candice Bergen told us how US Sprint was pledging a portion of its receipts to environmental groups. The WD-40 Co. announced a “Preserve Our Parks” foundation to be funded with proceeds from the sale of its household lubricant. Even General Motors released a packet of information called General Motors and the Environment.

We knew something important had begun to happen when McDonald’s Corp. announced a far-reaching plan to eliminate polystyrene sandwich boxes, introduce recycled paper bags, and implement large-scale food- and paper-waste composting as a means of dramatically reducing trash at its eighty-five hundred fast-food franchises. We also remained skeptical until we learned more.

What we eventually found was a still small—but steadily growing—movement toward “caring capitalism,” as one of its major proponents describes it. The basic tenet is that business doesn’t have to be a negative force in society and businesspeople don’t have to be the

“bad guys.” We determined that enterprises that buy into this concept are part of an increasing network of companies with a conscience. We decided to find out exactly who these companies were. And just what they were doing that was so memorable from a business, and socially responsible, point of view.

Although giants like Wal-Mart, Heinz, 3M, and McDonald's receive the bulk of publicity for their actions in this area, we quickly discovered that smaller, often-unknown companies really were the leaders in the nascent movement toward corporate responsibility. What's more, we also discovered that many of the small- and mid-sized firms were actually making a regular and substantial profit. Armed with statistics that told us some 1.3 million new businesses—primarily in this category—had opened their doors in 1991 alone, we felt that an examination of such leading-edge entrepreneurial efforts would offer the most in the way of lessons and appeal.

Even with that much of a background, our search still took us in some unexpected directions. We met regular people from Long Island who crank out the world's finest premium ice cream and a Buddhist abbot from Yonkers who bakes incredibly popular gourmet desserts. There were health-food aficionados in the shoe, grocery, and clothing businesses. Tea makers and welfare recipients existed side by side. So did bankers and rock and rollers.

The short-term result of our search is the collection of profiles contained in the following pages of *Companies With a Conscience: Intimate Portraits of Twelve Firms That Make a Difference*, a book that identifies and then examines a dozen socially responsible—and successful—businesses in America. These are the firms that are changing not only the way they do business but the way it is conducted by all of us. And they are the firms that treat all people within their influence—employees, customers, and residents of their communities—with the utmost respect, without losing their focus on the bottom line.

As we moved more deeply into the subject, we encountered a lot of businesspeople interested in the way our leading-edge companies were combining a commitment to the planet with one for the balance sheet. We noted the mushrooming number of business schools requiring classes on environmental or ethical issues for an M.B.A.

degree. And we watched as companies like IBM and Coors began supporting major conferences on business ethics for their peers across the United States.

So how did we choose the companies we eventually decided to include? We started by talking to people at a few of the benchmark businesses we already knew about. Ben & Jerry's Homemade—founded by two Long Island ice cream men—was a natural because of its major social agenda; Patagonia and Celestial Seasonings were two others we were aware of right from the start. Workers at these companies told us about employees at others, who recommended people elsewhere, who knew somebody worth interviewing at still another firm. Eventually, we researched hundreds of businesses and spoke with dozens of business leaders and business educators.

We then established a firm list of criteria for potential candidates, two of which were most critical.

First, we wanted only companies with a proven record of conscientious business practices over a significant period of time. While the McDonald's Corp.'s recent environmentally based actions are certainly laudatory, we sought businesses that were longtime leaders in this area rather than merely followers. We looked, therefore, for corporate structures that contained a well-articulated social mission interwoven into their basic fabric.

And we wanted only companies that had been consistently profitable over this same time, with all indications of continued success. So we looked for a clearly defined economic program as well. It was easy to find superb examples of conscientious nonprofits, along with well-meaning, new for-profits that were poised to advance from fledgling to full-fledged. But we wanted companies that could truly serve as viable role models for the corporate America that is taking shape in the nineties. For that we needed businesses that proved you could have your cake and eat it, too.

Sometimes our search provided some unexpected insights. Always it offered an intriguing look into the many different ways that businesses are choosing to demonstrate their combined social dedication and fiscal commitment. One constant we uncovered among prospective subjects was an entrepreneurial bent; another was a general reluctance to "blow their own horns" by even participating in a pro-

ject of this nature. But all of this ran second to a genuine desire to serve as a role model to other companies interested in adopting such a route to responsibility and success. All of the companies we selected were therefore happy to provide us with the access and information we needed to help inspire others with their stories.

We eventually settled on the twelve firms profiled in the following pages and believe our choices are interesting as well as informative. Some of the companies carry names known to the general public, for example, Birkenstock and Ben & Jerry's. Others, such as Quickie Designs and America Works, serve a much more specialized audience.

But all of these businesses are included enthusiastically because they fulfill our criteria as well, or better, than any of the other candidates.

Still, we were not entirely satisfied. There were so many more companies doing good work, so many more profitable efforts worthy of attention. What to do? We eventually decided on an additional chapter, which briefly describes a number of the other interesting businesses we encountered along the way with conscientious programs and responsible practices. We have still left out more than we'd like.

We also included a final chapter in which we distill the factors common to these companies with a conscience and note characteristics that make them the companies they are. Foremost among these, as we've already suggested, is a concern for people. The way each enterprise exhibits it, though, is always somewhat different.

Other recurring traits—and the way these businesses go about helping their various communities—are less easy to categorize. Most are deeply dedicated to environmental issues. Many give away money. Some only employ the people they are trying to help. Others continuously sponsor a wide array of fund-raising events. Taken individually, they represent the cream of the creative crop in today's new business world. Taken as a whole, they offer tremendous insight into the wide-ranging ways that companies can earn money while making the world a better place.

In the months that passed since *Companies With A Conscience* first appeared, businesses profiled within its pages continued to prove that their success—due largely to the incorporation of these trains into their cultures—is no fluke. Alfalfa's Markets, for example, evolved

from three stores to six. Celestial Seasonings went public and completed a very well-received stock offering. Ben & Jerry's flourished; America Works expanded; Quickie Designs branched into related new endeavors. And, bringing this back to where we started, President Clinton introduced legislation to create community development banks around the U.S. using South Shore Bank as a model.

We sincerely hope these profiles inspire others to take up the cause of "caring capitalism," the phrase created and exemplified by Ben Cohen and Jerry Greenfield of Ben & Jerry's. Those we met along the way certainly affected us deeply. So we, too, have decided to help and are donating 5 percent of our profits from this project to a selection of social and environmental causes.