Book Review

Green Purpose

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The High-Purpose Company: The Truly Responsible — and Highly-Profitable — Firms that are Changing Business Now, by Christine Arena, Harper Collins Publishers, 2007

"This book pays homage to the reality of corporate responsibility, not the dream of it," states author and business consultant Christine Arena in the introduction to her new book, *The High Purpose Company*.

Focused on "the simple idea of market opportunity" made possible by sustainability and corporate responsibility (CR), Arena details a number of companies that have fully integrated sustainability and CR into their core business strategies, not as a side show or high-profile publicity campaign, but as well-planned and comprehensive investments that use the business's strengths to "meet unmet social and environmental needs."

For those companies, Arena says, CR yields long term financial rewards, protects companies from strict regulatory shocks that could jeopardize profitability, and gives them a competitive advantage over others in their field. Conversely, companies that merely use sustainability and CR as a high-profile, but ultimately hollow media blitz see little to no financial returns in the long term, waste marketing dollars and ultimately breed distrust with consumers, putting them at a competitive disadvantage.

The work is a follow-up to Arena's 2004 book, *Cause for Success*, in which the author coined the phrase "high purpose company" to describe 10 "ethical" companies that benefited by balancing the needs of shareholders and society with the companies' pursuit of profits.

Early in the work, Arena dismisses the debate about the general value of CR, saying "Right now, the key question is not, Does corporate responsibility work? but rather, How does it work? Why does it work? and Under what specific conditions does it work the best?" She explains that the key issue is no longer about if CR works, but how it can be implemented to "generate maximum returns for all stakeholders."

Arena then notes that the companies that are reaping the best returns from their sustainability strategies "don't allocate the majority of their corporate responsibility to advertising and reputation management initiatives [but] splurge on eco-effective technology and product development innovations designed to help the company compete better in the future."

Arena purports that to become a high-purpose company, firms must make sustainability "invaluable to the company...to the extent where purpose becomes a dominant force for corporate performance and development." For such companies, she states, CR is "so integral to the fabric of the organization that if you removed that thread, the company would start to unravel."

She references General Electric (GE) as a model company that has made sustainability invaluable to overall company performance with its profitable "ecomagination" product line of super-efficient and green products. "If GE were to suddenly abandon ecomagination, its market position, growth, and business strategies would be seriously undermined. The company's purpose and performance are fundamentally intertwined and therefore, while the company is certainly not flawless, GE is highly responsive to the changing market conditions and environmental realities."

This contrasts with a company like Chevron, which Arena says "talks its talk exceedingly well," but fails to reflect those pledges with a change in corporate policy. Referencing the company's high-profile "Will You Join Us?" advertising campaign touting the company as a leader in alternative energy investments, Arenas explains that Chevron only makes "minimal investments" in alternatives, and "even promises shareholders an increase in oil supply and control."

The legitimacy of the company's sustainability agenda is a simple matter of percentages, in Arena's view. "When 'Will You Join Us?' launched, Chevron claimed to invest $100 million a year on 'renewable energies, alternative fuels and improving efficiency.' However, we noted that Chevron is a $150.9 billion company, and since only $100 million was diverted into environmental technologies, whereas $50 million was spent on environmental advertising...it would appear that Chevron's core strategies and economic policies hadn't yet caught up with its corporate responsibility positions."

This type of campaign is not unique, Arena says, explaining that many companies spend millions on advertising to "minimize significant social and environmental problems by positioning the company as a social or environmental leader." However, "the public increasingly seems to be unwilling to buy what these companies are determined to sell," the author states, noting that "Savvy stakeholders have built up an immunity to such campaigns."

Instead of utilizing sweeping media campaigns that call attention to their often-overstated sustainability strategies, Arena maintains that companies should just direct their resources inward, and develop strategies that enhance what they're already good at. This method will not make the public suspicious, and will eventually lead consumers and investors to realize that a company is not merely greenwashing but has embedded sustainability as part of its core business strategy.

"Just because a company thinks highly of itself and feels compelled to tell consumers about it doesn't mean that consumers will embrace the company's point of view. Smart people don't have to tell us they're smart. Cool people don't have to tell us they're cool. And good companies don't have to tell us they're good. If they do, then it's a clue to their darker side," she writes.

Arena also recommends that companies pay close attention to their critics, such as watchdogs and the media, as part of their CR strategy. "Watchdogs were once considered off-the-wall, anticorporate renegades, [but] they are now credible and influential resources" capable of generating public outcry and forcing corporate accountability.

When dealing with watchdogs, "The best corporate response is to seriously listen to their concerns and then try to deflate the tension" by addressing the group's chief concerns directly, the author says. "Two-way interaction simply works better as a tactic than impenetrability or ambiguity," and "If this open dialogue occurred, then most major conflicts might be resolved," she says.

The volume contains countless other examples of companies that have developed successful sustainability strategies that follow Arena's advice, and could be a vital work for anyone working to make their company profitable in the long-term.

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