

From the Chair



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The growing commitment to environmental sustainability signifies a significant shift in business thinking for our time, what *Fortune* magazine in May 1999 called a “tectonic shift over the past year or so.”¹ In May 1997, BP Amoco CEO John Browne broke ranks with oil company executives in speaking publicly about the prospects of global climate change, saying “There is now an effective consensus among the world’s leading scientists and serious, well-informed people outside the scientific community that there is a discernible human influence on the climate, and a link between the concentration of carbon dioxide and the increase in temperature. . . . The time to consider the policy dimensions of climate change is not when the link between greenhouse gases and climate change is conclusively proven, but when the possibility cannot be discounted and is taken seriously by the society of which we are part. . . .” A bit more blunt, Ray Anderson, CEO of Interface and co-chair of the President’s Council on Sustainable Development, says, “In the future, people like me will go to jail.” Companies must learn to grow, Anderson asserts, without “plundering the earth.”

In 1999, after almost five years of preparatory effort, a new SoL Sustainability Consortium was formed. We had two aims: accelerating changes beginning to unfold in the business community and building new knowledge (theory, tools, and practical know-how) of what these changes require. Many were instrumental in its formation: consultant members Joe Laur and Sara Schley, research members Hilary Bradbury and John Ehrenfeld, and corporate members BP Amoco and Interface, as convening corporations. Soon, Xerox, Shell, Harley-Davidson, Detroit Edison, Ford, the World Bank, and several other SoL member companies joined.

Looking back, I believe three currents converged to create the Sustainability Consortium: new guiding ideas about business and “the next Industrial Revolution,” knowledge and experience in sustaining transformational change, and a group of firms committed to leading through action.

Illustrative of guiding ideas is the new book *Natural Capitalism*, which argues that the fundamental problem with contemporary capitalism is that it ignores the largest stock of capital upon which its productivity depends, natural capital.² Continuing to treat natural capital—clean air, drinkable water, arable soil, and pollution-dissipative capacity—as if it is free is like removing a firm’s productive or financial capital from its balance sheet and liquidating them to generate current profit. It is neither prudent nor economical to continue harvesting natural capital at no apparent cost in order to generate financial capital, whose cost governs all business decisions.

Growing understanding of transformational change shows how unquestioned mental models can enable or constrain change. By contrast, other corporate environmental groups focus on metrics for assessing environmental impact and resource consumption. While metrics are important, they are no substitute for new ways of thinking. Building sustainable business practices will require new business models, new product concepts, and new commitments based on reconceiving the corporation within the larger social and natural systems upon which it depends. In short, it will require new learning processes, not just new metrics.

Lastly, we asked that companies join the consortium only if they saw sustainability as a cornerstone of their long-term strategy, or were seriously considering such a shift. As Browne and Anderson say, the time has passed for intellectual debates about the environment. We quickly learned that many other SoL member firms are taking sustainability as a strategic business imperative. But they also realize the immensity of

the changes that lay ahead. They are hopeful that working together can strengthen their efforts, through joint projects, sharing insights, and recognizing common difficulties.

For years, debates on the environment have taken the form of warring factions. Typically environmentalists speak out for the underrepresented voice of nature, for species ceasing to exist, for ecosystems being destroyed, for habitats being eliminated. Often their target is business. In response, business leaders justify their conservatism around environmental issues by speaking of jobs and standards of living, of economic well-being and social stability. But, the environmentalist-business debates miss the point that businesses must become a source of innovation if there is to be a next Industrial Revolution.

We are just at the outset of this new collaboration for change, and it is far too early to judge its impacts. Nonetheless, the articles in this issue give some indication of the quality of thinking and the depth of commitment present in the group. In future issues of *Reflections*, we hope to have more to share of accomplishments from the SoL Sustainability Consortium.

Peter M. Senge

Notes

1. Kinkead, G. "In the Future, People Like Me Will Go to Jail." *Fortune* (May 24, 1999): 190–200.
2. Hawken, P., A.B. Lovins, and L.H. Lovins. *Natural Capitalism* (New York: Little Brown, 1999); also L.H. Lovins and P. Hawken, "Natural Capitalism." *Harvard Business Review* (May–June 1999): 145–158.