

8 LEADING ACCELERATORS | 7 TIPS FOR SCALING SUSTAINABLY

CONSCIOUS COMPANY

THE FUTURE OF BUSINESS AS USUAL

WHAT WILL IT TAKE TO SCALE?

- > IMPACT INVESTING
- > RENEWABLE ENERGY
- > SUSTAINABLE AGRICULTURE

THE INSIDE STORY

HONEST TEA'S ACQUISITION
BY COCA-COLA

SOLARCITY'S CEO
LYNDON RIVE
PREDICTS THE
FUTURE OF SOLAR



THE RISE OF KIND

AN EXCLUSIVE CONVERSATION WITH
FOUNDER AND CEO, DANIEL LUBETZKY

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Photo: Uli Westphal

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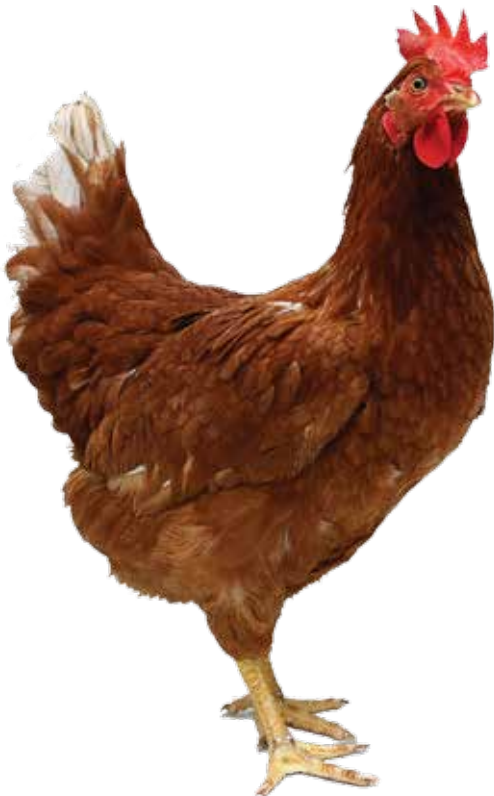
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INNOVATION AND DESIGN



Redesigning Sustainability Consulting



HOW ELLIOT HOFFMAN AND REV REVOLUTIONIZED THE CONSULTING MODEL TO INCLUDE BUSINESSES OF ALL SIZES



REV CEO & Co-Founder Elliot Hoffman

REV AT A GLANCE

-  **Location:** San Francisco, CA
-  **Founded:** 2010
-  **Employees:** 60
-  **Structure:** Privately held
-  **Impact:** Has worked with more than 250 companies, with an average cost savings of more than \$300,000 per company

Elliot Hoffman has been working in the sustainable business industry for more than 40 years. In 1974, he and his wife Gail Horvath founded Just Desserts bakery, which became a model for demonstrating that sustainable practices and community engagement were good for business and also able to make impactful, positive change.

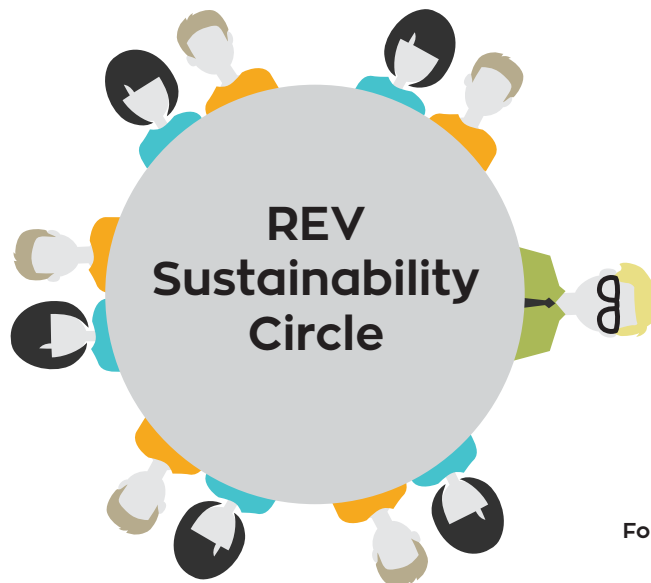
Hoffman's journey continued with the nonprofit Business Leaders for Sensible Priorities, the business advocacy group New Voice of Business, and now REV, a company he co-founded that provides sustainability education and training to companies of all sizes.

Together, Hoffman's experience and REV's cutting-edge model for sustainability consulting have had tremendous results. We sat down with Hoffman to discuss everything from designing new consulting models to the need for disparate groups to come together in the sustainable business community.



THE REV SUSTAINABILITY CIRCLE

Traditional consulting is often cost-prohibitive for small to mid-sized enterprises. REV redesigned the “business as usual” consulting model to create a program that is affordable and practical for businesses of all sizes.



For an in-depth look at a Sustainability Circle® in action, please see Jay Harris' article on page 89



Can you tell us about your transition from Just Desserts to REV?

Elliot Hoffman: After Just Desserts, I got involved with Ben [Cohen] from Ben and Jerry's, and we did Business Leaders for Sensible Priorities for a while, which Ben founded. It was really about mobilizing the power of business to move money from the military to kids and social needs, which was a great thing to do. We worked on

our kids — are screwed. This is probably the largest opportunity human beings have ever had to really change the whole energy systems and the whole economic paradigm.”

We continued to get these large business organizations to sign on, and then we got the Committee on Jobs — CEOs from the 30 largest corporations in San Francisco — to all sign on. I went to the president of the Public Utilities Commission, Michael Peevey,

takes time. We launched our first two beta circles in 2010, which blew my mind. Then, in 2011 or 2012, I said to our team at the time, “Knocking on one door after the other to have them come and sit in these circles is no way to scale a business. It's been great because we've learned a lot, but now we need to think of the right channel to scale.”

“I believe more deeply than ever that young people ought to really think about, and meditate on, what they are called to do in this lifetime. What would give you real, deep meaning in life? Then follow it and go create it.”

that for a couple of years.

In the end, I decided it was important work, but for me, engaging businesses has far more power than moving money from one pocket to the other — especially during the Bush years. We were at a board meeting and I said, “It feels like we're shooting wooden arrows at a battleship; it's just not going to happen.”

Basically, I said to Ben that I wanted to create a new organization called New Voice of Business, which would be an NGO that would gather the voices of businesspeople — not just CEOs, but everybody. It would be about creating a business voice that was for positive public policy. A counter-voice to the US Chamber of Commerce, if you will.

So, in 2004, we actually did that, and we were asked to engage with the California Solar Initiative to see if we could help. At the time, it was a \$1.8 billion, 10-year rebate program to put 500,000 solar installations up in California. Basically, it was stuck in the [California] Assembly and wasn't going anywhere; I was asked to engage.

I contacted the San Francisco Chamber of Commerce and the Bay Area Council and got 10 major business organizations to engage with us by saying, “Look, climate change is real. If we don't do something, we — and

and said, “Mike, business wants this. Here are signatures from 200 CEOs of small, midsized, and very large companies, including one conservative Republican.”

Mike said, “Elliot, this is fantastic. We should put more money into it.”

I said, “You're right — let's make it \$5 billion.”

He said, “Great, let's make it \$3.5 billion.”

And that is how this became the largest solar-power initiative in the history of the United States, and it still is. When businesspeople speak up for positive things, it can seriously move the needle.

I really believe in business. I believe business can be a real power and a force for positive change. I joined the board of Presidio Graduate School back in 2004 or 2005 and got very engaged with the students and faculty. At some point, I decided to design a business to bring the benefits of sustainability to small and midsized enterprises in a way that was affordable, accessible, impactful, and very scalable. This was not about a nice little consulting gig; this was about creating something that could eventually have the power to help move the world. Why else are we here?

That was probably 2009. We took a year to design it — creating a model

How did you develop the model for this? If there were a 20-year-old who had a great idea to change the world, what would you recommend in terms of creating a model to explore it?

EH: First, I listed out a number of criteria that were important to me to bake into this model. It needed to be affordable. What does that mean for a small or midsized company? I hadn't quite defined that yet, but I had a range in mind. I wanted it to be very profitable. I wanted it to be very inspiring. I wanted it to make a real difference for companies and people. I wanted people who work at REV to be paid very well, and there was something about a shared model. I really started playing with numbers and asking a lot of questions.

First I said, “OK, so how do you make this affordable?” I knew that the one-on-one consulting model wouldn't work for a small or midsized company. What would it look like if we had eight companies come together and they each paid their own certain amount of money to do this in a group?

So I kept doing iteration after iteration, and then I just said, “OK, let's give it a try,” after about a year. It was amazing. When we saw the results these organizations got from



“I really deeply believe that there is no reason why every human being can’t be engaged in something that gives them meaning and purpose in life. It cannot be about maximization of short-term profitability for a few; that is what’s killing the planet.”

the first program, I knew we had something.

For the next group, I was having brunch with Mark and Gaye Quinn and I told them what I was doing. Gaye asked if I would have a cup of coffee with her and the CEO of the San Leandro Chamber of Commerce, which then turned into having lunch with the mayor, who said, “We think this is so important for our community and for our smaller businesses that the city of San Leandro is willing to cover 50 percent of your fee for any San Leandro business that goes through your program.”

So, we had what we call a “Circle Preview” where we invited businesses to have a conversation and ask questions about the program. There was one guy in there — Joe Santana, vice president of operations for Mi Rancho Tortilla Factory — who asked great questions and was a total skeptic. He said, “Look, this is going to cost me money. I just have to make a return on the investment.” We went back and forth, and after talking to the owners of the company, Joe finally told me they were in.

Within three months, Joe Santana and Mi Rancho were the poster children for this program. It blew his mind and mine too; we had no clue that the results that we could achieve in such a short period of time would be so stunning. As a small, 80-person company, they saved \$165,000 from the bottom line with zero capital expenditures, just by looking at specific parts of their operations.

The city of San Leandro also offered to cover 50 percent of the cost for any company that did energy efficiency improvements as a result of the program. So, Joe and Mi Rancho decided to do a lighting retrofit as well. Their

total investment in this entire program, including the \$3,000 fee and \$14,000 of their investments in the lighting, was \$17,000. They dropped \$210,000 a year from the company’s bottom line. That is a payback of 29 days with a 1,300 percent ROI, and that was just the second circle that we had ever done, which was in 2010. That \$210,000 in savings was an out-of-the-park home run at the time. Now that number is below average for the program; our average savings is closer to \$315,000.

So what do you think is driving the success of the program? Why hasn’t anyone else figured out the secret sauce?

EH: I believe the success so far is a combination of things. First, there is a great group of people at REV and the results we are producing are phenomenal. Second, I would like to believe that this is the direction the world is moving in. It has to.

But I’ll also reverse the question and ask, why isn’t it moving faster? I’m really baffled by the lack of uptake in the whole field. Why are people just going about their day-to-day lives when we are facing truly existential issues, from climate and energy to water?

Why is it that we’re not engaging much more quickly? And on the other side of the coin, why aren’t we acting on the reality that the solutions to these challenges are enormous opportunities for a better world and a better economy?

What do you think are the critical elements to actually shifting that paradigm within an industry?

EH: I once had a conversation with a senior-level person in our federal government, and I asked, “What is it going to take to get people on board, to awaken people to the nature of these times, both the challenges and the opportunities?”

He just looked down and said, “You know, I’m sorry, but it’s fear or catastrophe.”

I said, “I’m sorry. I just can’t accept that. We have to be able to inspire people. We have to be able to show them what’s out there from a positive point of view. It will be a sad day if it has to be fear and catastrophe.”

So I don’t know if it’s going to be fear and catastrophe, or if we can inspire people to move, or perhaps some combination of those two that will get people to take action.

Many people and organizations, for-profit and nonprofit, are part of this. But we need to begin to see ourselves as members of the same movement. We need to demonstrate that to policymakers.

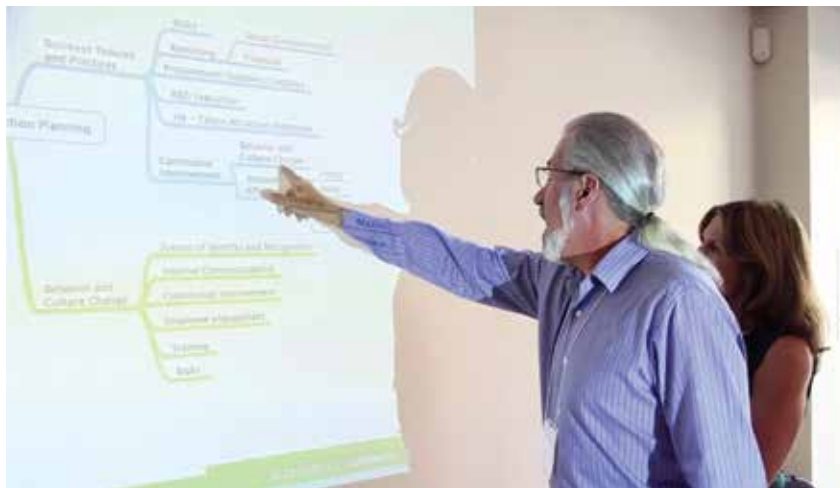
This goes back to why it’s so important that companies like ours are quite profitable, because I believe business is absolutely vital to making this shift. Policymakers and others listen to business, and right now they hear mostly from the US Chamber of Commerce, the American Enterprise Institute, and the Club for Growth, which is ready to club us over the head, right? This movement and its individuals need to speak out to their elected officials and to their companies.

What advice do you have for mission-driven entrepreneurs who are just breaking into this?

EH: I believe more deeply than ever that young people ought to really think



REV Sustainability Circle participants



Sustainability Circle participants during an interactive exercise



REV coaches Scott Bowman, Ellen Kappes, and Michael Lindsay

about, and meditate on, what they are called to do in this lifetime. What would give you real, deep meaning in life? Then, follow it and go create it.

It's not about being an entrepreneur. There's no 11th Commandment that says, "Thou shalt own thine own business," right? That's not part of the deal. It's great for some, but I also applaud and hold up as models those we call intrapreneurs. I think intrapreneurs can have an impact in a large entity. What I do as an entrepreneur and what you do as an intrapreneur are both very important.


So wherever it is your land — whether it is your own business or somebody else's — whatever you do, don't go there and just march time, because then you're dying. Do whatever's going to really bring you joy, happiness, meaning, and fulfillment, because it is there.

I really deeply believe that there is no reason why every human being can't be engaged in something that gives them meaning and purpose in life. It cannot be about maximization of short-term profitability for a few; that is what's killing the planet.

Some people take those kinds of statements and say, "Well, you are against capitalism." You know that's bullshit. It's really the way we do capitalism that is destroying the planet. It is designed — unintentionally, I believe — to destroy life, but it can also be used to enhance the well-being of all life. I have no doubt about that.

What is giving you hope?

EH: What gives me hope is that more and more people are waking up to all this stuff we're talking about. I also know that the forces of "business as usual" are extremely powerful, and they will do whatever they have to do to keep this new paradigm from emerging. We have to show up as a movement, and we have to do whatever we can as individuals, too.

When I see my own kids, who know what's going on, they're fearless. There is no whining. They're like, "We're in there kicking ass as best we can." I love the idea of Boomers, Gen Xers, and Millennials working together as a movement to show up and make this happen.  Photos: REV



Revving Petaluma:

SUSTAINABILITY CIRCLES IN ACTION



BY JAY HARRIS

Petaluma, California, population 59,000, was once known as “the egg capital of the world,” and decades later it was briefly dubbed “Telecom Valley.” Today it retains some agrarian roots, but the town’s mixed economy of technology, craft, food, and agriculture is facing 21st-century dilemmas: a city budget that hasn’t fully recovered from the recession, a four-year drought, and bottom-line pressures on its businesses and government, coming in part from booming, high-tech San Francisco, an hour south.

In the context of many attention-demanding priorities, how and where does sustainability fit in? Last fall, I visited the city’s first REV Sustainability Circle to find out.

A few months before, five local companies belonging to national and regional brands plus three public institutions had signed up for the REV Sustainability Circle process, each committing \$3,500 and two people to once-a-month, all-day peer circle meetings for six months, plus homework in between meetings. The REV curriculum included sessions with experts on energy efficiency, water use and waste reduction, responsible procurement, and metrics, and would take the participants through the steps of crafting “Sustainability Action Plans,” selling the plans internally, and then setting them into motion. Critically, the REV promise to participants was about more than doing right by the environment. By implementing comprehensive sustainability plans, they were told they would save their organizations money and help their businesses compete.

Circle participants included Lagunitas Brewing Company, Traditional Medicinals, and Straus Family Creamery, which are established regional and national brands. They are important players in the Petaluma economy, but in the grand scheme of American industry they are mid-sized enterprises: companies with between 100 and 500 employees. In the urgent effort to fight climate change, that makes their work with REV especially significant. According to the US Census Bureau, there were 141,358 such companies nationwide in 2010, and collectively they represent a hard-to-know but significant percentage of energy consumption and greenhouse gas emissions. But unlike larger corporations, few small and mid-sized businesses can afford staff whose primary work centers on environmental impact, and there’s the rub: How do these companies find their way onto the sustainability track? Many cash-strapped municipal governments and their agencies — responsible for light, heat, cooling, procurement, and water for large public enterprises — are caught in a similar bind. REV’s Sustainability Circles seem to offer a way forward, with dividends for the companies and government as well as the environment.

Susan Hopp, one of REV’s energetic coaches for the Petaluma circle, said the effectiveness of the circle process rests on three Cs: content, collaboration, and communication.

Content is the expertise and ideas brought into the monthly gatherings.

Collaboration grows directly from the peer circle experience: the circles build bonds and local support networks among the people responsible for

sustainability in their organizations — relationships intended to long outlast the six-month REV curriculum.

And in REV parlance, communication covers a lot of ground, from articulating clear action plans with metrics and projections of financial returns, to strategies for organizational buy-in, to communicating goals and accomplishments, to customers and suppliers.

Alexandra Fox, sustainability manager of Straus Family Creamery, said the process helped turn sincere, but vague, aspirations into specific goals with timelines, and helped turn “one-off ideas into a holistic plan.”

The circle participants gather for their graduation day in a windowless conference room, taking spots around a square of tables facing a screen displaying PowerPoint slides. The setting is out of “Dilbert,” but the atmosphere in the room skews high-school reunion. People greet each other as old friends, and energy is high.

The team from Santa Rosa Junior College said they framed their detailed plan — covering facilities, transport, procurement, and even the student garden — within the strategic goal of creating a culture of sustainability, “so that it’s just muscle memory.”

“We’ve started to look at our whole campus in a different way,” Jane Saldaña-Talley, vice president of SRJC Petaluma, told me.

The Straus Family Creamery plan included 19 initiatives, ranging from new yogurt cups that use 50 percent less plastic to an ambitious 100 percent water recapture goal to “poop-to-power” methane digesters.

The Amy’s Kitchen plan elevated sustainability to the level of the



“Altruism, camaraderie, and detailed, sharp-penciled plans have converged to make ambitious goals seem, in this moment, anyway, very achievable.”

company’s other top business priorities: quality, safety, and profitability. The Amy’s Kitchen team recruited an internal group of 10 sustainability advisors from across the company to guide work in five areas, including the “activation” of employees’ embedded environmental values.

With its parks, streets, transit, police and fire departments, a substantial vehicle fleet, community centers, and a municipal airport, the city of Petaluma found many opportunities for cost-saving investments. Their replacement of 4,000 lightbulbs with LEDs, for example, will require an initial investment of \$1.75 million but will save \$145,000 annually in energy costs. Their “biomass to biofuel” waste-to-energy initiative should produce the equivalent of 150,000 gallons of diesel fuel per year. And a new city policy mandating electric vehicle charging stations in new private developments will build the infrastructure to support greener habits. The Petaluma team sees the city’s plan as part of a broader strategy to attract and retain sustainable businesses. In order to lead by example, sustainability metrics such as kilowatt-hours reduced, recycled water delivered, solid waste diverted from landfills, and more, will be added to the city’s annual report.

The team from Petaluma City Schools was blunt about their primary motive: saving money. Their plan included reducing water and electricity use by 30 percent each over the next four years and bringing solid waste “close to zero.”

They estimated “cost avoidance” of \$1.4 million over that period. As important as the money is to the cash-strapped school system, the deeper cultural mission of the schools wasn’t overlooked.

“We have a responsibility to teach our children,” Renee Semik, principal of Petaluma Junior High, told the group. “They’re our future leaders in sustainability.”

At 4 p.m., just before their presentation, the Lagunitas Brewing Company team brought out their beer. With taglines like “ruthlessly delicious IPA” and “lager like you like it,” they furthered the social aspect of this social-serious occasion. Eppa Rixey and Kyle Salzberger conceded that due to their rapid growth, everyone in the company is stretched, and they’ve kept the sustainability team small to conserve people’s time. Their detailed plan covered every aspect of operations, from solar roofs to paper towels and low-flow toilets. Their “awesome goals” included producing zero waste by 2030, 100 percent renewable power by 2026, and moving 80 percent of their shipments to rail by 2025. Adoption of new water-treatment technology in the water-intensive brewing process is projected to save 22 million gallons of water a year in parched California. Their financial analysis said that a \$17 million investment, primarily in water treatment and solar, will net annual cost savings of \$5 million. Rixey, strategic planning manager at Lagunitas, told the group, “We’re stoked!”

Indeed, as circle participants moved

outside for photos in the bright afternoon sun, it seemed like everyone was stoked. Altruism, camaraderie, and detailed, sharp-penciled plans have converged to make ambitious goals seem, in this moment, anyway, very achievable. And is that human energy — the essential juice for turning these plans into measurable progress — sustainable? If it is, the connections from the circle will be the flywheel.

“This is family,” Jamie King of the Petaluma schools told the REV Circle. “Call me anytime.”

Photos: REV



Jay Harris is best known for his career as a publisher and media consultant — he’s helped build such indie media stalwarts as *Mother Jones* and *The Hightower Lowdown* — but lately he’s been indulging his inner journalist. With national politics as gummed up as they are, Jay is especially interested in writing stories that show the power of markets and enterprise to drive desperately needed change.