

The Sustainability Professional

On the Record with Sarah Severn
Global Director, Corporate Responsibility Horizons
Nike, Inc.

Athletic wear and footwear manufacturer Nike, Inc., placed third on CRO magazine's list of 100 Best Corporate Citizens 2008, was identified as one of the 100 most sustainable corporations in the world by Innovest Strategic Value Advisors earlier this year, and in 2007 was picked as one of the world's top sustainable stocks by SustainableBusiness.com. At the start of 2008, the company released the latest Air Jordan basketball shoe—the first one in company history developed to reduce waste and incorporate environmentally preferred materials. Given its results lately, it would seem that the Beaverton, OR-based sports conglomerate might just be leading the sustainability race. But it's the future it's really looking toward.

*In this exclusive interview, **Sustainability: The Journal of Record** talks to Sarah Severn about Nike's track record, why sustainability professionals need to make a business case for their work to catch on in the corporate world, and whether she wears sneakers on her commute to work.*

What exactly does a global director for corporate responsibility horizons do?

We have a leadership team of corporate responsibility practitioners who are working with the business at different levels, more with the strategic planning groups and consumer culture groups. We all report to Hannah Jones, vice president of corporate responsibility for all of Nike, Inc. She, in turn, reports directly to CEO Mark Parker. Our focus is about getting this integrated into the business.

I have a role within the corporate responsibility team of what I call "looking long." It's very much a futures role. It includes scenario planning, looking out for 10 or 20 years, and thinking how the business intersects corporate responsibility so that we can take into account future developments and influence the way the business develops, particularly from an innovation standpoint. Rather than being involved with the day-to-day issues or even a three-year timeline that might be the case for someone working in the product development area, I'm really trying to go out and look at things that are really on the margin.

Can you really predict what's going to happen 20 years in the future?

There are a lot of organizations that can help you do that. With scenario planning, the technique is to create a sense of plausible futures. It's not about predicting the future but looking at a variety of alternative futures that might actually take place and enabling the company to develop strategy around those different futures so it has the flexibility to adapt to whatever actually comes along.

In the areas of science and technology and culture and education and geopolitics, there tends to be some certainty as well as a lot of critical uncertainties, and it's those that get really interesting. If you look at the issue of climate change, we know that we're increasing CO₂ and greenhouse gases in the atmosphere, and we know from modeling that that's going to have pretty dire effects.

How do you measure accomplishment?

I bring new ideas into the company and bring new ways of working and learning into it. It's not about me having all the answers; it's about engaging the human capital in the company and getting people to think in a forward-moving way. It's very easy for a company just to focus, as all companies do, on the bottom line and on day-to-day operations. Taking the time out to think forward is often seen as a bit of a luxury. I am evaluated in terms of the way that I manage to succeed in doing that.

Water is going to be a key issue in the longer term, and people are beginning to recognize that. I focused on climate change very early on back in the mid-1990s, when we got some signals from nongovernment organizations and even European governments. My view has always been where there are strong signals, you had better be prepared.

What's on the horizon right now?

We believe, as do other businesses, that we've reached this point where we're hitting constraints that we face in the natural world, since it's a closed system

Close Up: Sarah Severn

Job title: Global Director, Corporate Responsibility Horizons, Nike, Inc.

Years in current job: 3

Location of current job: Beaverton, OR

Mandate: To bring a forward-looking agenda to corporate responsibility and the business

Website: www.nikeresponsibility.com

Birthplace: Epsom, England

Education: Bachelor's degree in psychology from the University of Leicester

Career highlights: Various positions within Nike beginning in 1993, including senior manager for consumer insights, global director for environmental action, global director for sustainable development

Motto: "I have lots, but one that is particularly appropriate is a George Bernard Shaw quote: 'You see things and say "Why?" But I dream things that never were, and I say, "Why not?"'"





Sneaker recycling at Nike

Michael Jordan has requested that all of his shoes be made with sustainable attributes.

here on the planet, as the population increases and businesses grow. A lot of signals are coming through very strongly. Look at oil prices and at food prices and at shortages of food because climate change is beginning to affect certain regions. The issues are all interlinked.

We tend to like to be able to parcel everything up into discrete areas and to say, "OK, climate change is the focus." To some extent, that's true because climate change is linked to so much else, but you can't take your eyes off of water, you can't take your eyes off what's happening with soil. We work with a lot of disadvantaged communities and with refugee populations. There's potential that there will be many more refugees, both political ones and environmental ones. You can get very trapped into the doom and gloom of what's happening, but with crisis always comes opportunity.

What's the difference between corporate responsibility and sustainability?

For us, there's no division between them. It's just the title we're working with. We've had it for a while, but it may change. What happens is that companies have to adopt nomenclature that works. The challenge we had in using the word "sustainability" is that in the early days, when we introduced that concept in 1995, it very quickly came to mean just the "environment" and people didn't understand that it was a much broader concept, so we adopted "corporate responsibility" to make it broader.

Is your job focused more on making Nike products more sustainable, making Nike operations

more sustainable, or making supply chains more sustainable?

I work across all of those.

Are teenage boys drawn to the Air Jordan XX3, or is selling a sustainable sneaker to this target market more challenging than selling a flashier but less environmentally friendly one?

The holy grail is to produce a product that really doesn't look any different. Our whole focus is on performance products for athletes. That's always been the case. We have a very strong design ethic, and teenage boys in particular are drawn to that design ethic. This just happens to be a shoe that is sustainable. We didn't market it as a sustainable product. Michael Jordan actually said to us that the shoe, in being sustainable, should not have any flaws. There's a sense, a hangover from the past, that green products don't work as well. This shoe performs. We've had a lot of very positive feedback on the sustainability element of the shoe. Now Michael Jordan has requested that all of his shoes be made with sustainable attributes.

What are the biggest challenges you have experienced in your job?

Back in 1995, it was getting people to pay attention to the issue. Early on, you were just seen as someone who is an environmental zealot who doesn't understand business. The challenge was getting people to understand that there is a business case for sustainability. People now understand very clearly the return on investment, financially, environmentally, and socially.

What challenges in sustainability does Nike currently face?

Changes are coming so swiftly, we have to look at the business model and shift to accommodate those changes and be ahead in a way that we can ride through the rough patches. We need to continue to focus on product development. There's a lot of work going on in the company about the way we look at what would traditionally be considered to be philanthropy. We're considering models of sustainable ventures and focusing on much different ways of doing community investment.

More immediately, we are making sure we produce our product to reach our end goal, which is a closed loop—to be able to bring back materials and to minimize our environmental impacts. These are big challenges because we work through a big supply chain. We already have a recycling program where we take back products. We basically grind up the shoes for use in sports surfaces. That's not very advanced in terms of what we really need, which is to close the

loop and use materials over and over. We've talked a lot recently about the fact that oil is going to be in increasingly short supply, and it's a major source of material input for us. We need to be able to develop recycled materials.

What sustainability accomplishment at Nike are you proudest of?

We were early adopters. We got the concept of sustainability into the company as early as we did in 1995. The only other companies looking at it back then were quite fringe. There are great companies like Interface, whose CEO went through an epiphany. We came more from the grassroots up. Now, it's throughout the culture. Our CEO is hugely supportive of this agenda.

Some say that a sustainability professional's job is accomplished when that job is actually phased out—when everyone in the company incorporates sustainable practices into their job duties without being asked to. Do you think that day will ever come?

It's an interesting concept. We've all always said, "I'm trying to work myself out of a job." It's nirvana to have everybody taking responsibility for this. I think you'll always have an element of specialism, somebody who provides the governance and steering. Increasingly, we have so many motivated employees that there's a lot going on outside of corporate responsibility, but you have to make sure it stays focused.

How do you achieve buy-in by employees at the company who are not in the corporate responsibility group?

It starts with leadership of the CEO. It's one of three top priorities of the company. That message gets out. In the supply chain, our contract manufacturing partners have definitely had that message for well over ten years. We've always had a relatively young workforce. Now we're getting more Millennials coming into the work place, they're the generation that has grown up very concerned about these issues, and they're more likely to introduce them into the conversation at work.

We recently ran a "Climate Café" for employees. People rotated around tables in four-hour session. We only gave people two weeks' notice about the get-together, and within the first hour of the invitation going out, we had 150 people accepting. We were having to turn people away. There's a lot of pent-up enthusiasm for getting engaged on these issues. As a result of the café, we have groups of teams working on their own personal footprints at home. They've formed 28 teams to support each other. The idea is that once they've really educated themselves on this,



Grinding up old sneakers at Nike's sneaker recycling plant.

they'll bring those practices into the workplace and go out into the community .

Do you have a staff?

I'm part of the corporate responsibility group. I have no staff. When I need people to work with me, it's more on an ad hoc basis. There are opportunities for short-term assignments, and I work with consultants. In the corporate responsibility group, though, we have about 90 employees, including those in field offices.

What educational backgrounds do you think sustainability professionals working in the corporate sphere should have?

I came from a non-environmental background, aside from a minor in biological science. A background in science helps. The reality now is that we've recruited more specialists, but what we need is people who understand working with the business who can then learn about sustainability. You need people who can bridge both worlds. You need to be able to speak using business language.

Your educational background is in psychology. How has that helped in your current position?

I originally worked in what we call "consumer insights" at Nike. I was interested in how people make buying decisions and what influenced them. That led me into the green consumer movement, which was first identified in the late 1980s. My psychology degree is helpful. I have a curiosity about how the mind works.

Sustainability at Nike came from the grassroots up. Now it's throughout the corporate culture.



We have a casual working environment. I wear sneakers all day.

Nike recently was listed as No. 1 in a ranking by Climate Counts, a nonprofit group that assesses corporate practices and values. Nike scored 82 out of 100 points in a ranking based on how companies measure greenhouse gas emissions, their plans to reduce them, and how open they are about their efforts. Do report cards by third-party groups affect the way Nike operates?

We pay attention to them. They help validate what we do. They don't affect the way we operate.

What professional organizations do you belong to?

I don't belong to any personally, but I've served on a number of boards over time. I'm currently on the faculty of the Prince of Wales's Business & the Environment Programme (www.princeofwales.gov.uk), which is run by the University of Cambridge. It runs senior executive seminars on sustainability. I primarily serve on the faculty for the U.S. region. I'm also on the advisory board of the Oregon Natural Step Network (www.ortns.org).

Do you wear sneakers on your morning commute to the office and then change into business shoes?

We have a casual working environment. I wear sneakers all day.



Nike at a Glance

- Footwear, apparel, and sports equipment company originally created as Blue Ribbon Sports by Phil Knight and Bill Bowerman in 1964
- Became Nike, also the name of the winged goddess of victory, in 1971
- Nike "swoosh" introduced in 1972
- Became publicly traded in 1980
- Fiscal year 2007 revenue: \$16.3 billion
- More than 30,000 employees on six continents
- Relies on approximately 700 contract factories, employing some 800,000 workers, in 52 countries to make Nike products
- Subsidiaries include Cole Haan Holdings, Inc.; Converse Inc.; NIKE Golf; and Hurley International LLC