**Theme 5 – Growing Green, Three Smart Paths to Developing Sustainable Products – Gregory Unrah, Richard Ettenson**

**Idea in brief:**

* Green growth is at the top of many leaders agendas, but the way forward is rarely clear.
* Three broad product strategies that can align your green goals with your capabilities.
* An accentuate strategy involves highlighting existing green attributes in your compnays portfolio.
* An alternative is to acquire a green brand. I
* If you have substantial product development skills and assets you can architect new offerings build them from scratch.
* Which strategy is best depends on how greenable your portfolio is and how advanced your green product development capabilititesa re.
* For any of theses paths, understanding customers expectations and competitors capabilities and aligning offerings and messaging to prevent charges of greenwashing are essential to success.

**Intro**

* Brita water filters, broke into market in 1987, by 2000 it controlled 70% of the market, but over next five years, the market contracted and its share declined.
* Was told had 2 years to improve or be sold off.
* Brita recovered its momentum within months, achieving double digit growth and leading the brand back with vengeance.
* New strategy – green growth – has risen to the top of the agenda for many b usinesses.
* From 2007-2009 eco friendly product launches increased by more than 500%.
* Three strategies to get growth.

**Path #1 Accentuate**

* Involves playing up existing or latent green attributes in your current portfolio. Most straight forward to craft and implement .
* Church and dwights baking soda has attributes that were just waiting to be leveraged. As customers demanded more environmentally friendly choices they positioned the brand as the number 1 environmnetally sensible alternative.
* Brita, made money from plastic bottle but complaints about waste. Realised changing to a machine would be much cheaper and cleaner.
* Website for green, media used. Impressive success came in part because it did not overreach in its sustainability claims.
* Activista will not hesitate to point out greenwashing or other undesireable corporate behaviour.
* Eg, arm and hammer, promoted environment, but overlooked their use of animal testing. Activists went online to highlight this.
* The broader your brand the more exposed your are to activists.
* All products need to be green not jsut one.
* BP rebranding effort. 90% revenues from oil. Magazine highlighted the disparity.
* Brita, realised filters needed to be recycled and forged an approach in collaboration with preserve.

**Best Practices: who accentuates well?**

* **Supply chain** nike requiresthat its leather suppliers not source from clear cut amazon forests.
* **Manufacturing:** frito-lay installed solar panels on its sunchips factory.
* **Product** CSX markets reail as the most environmentally friendaly option for moving freight.
* **Packaging:** sara lees modified packaging for killshire farm ahas resulted in 900 fewer truck tips a year.
* **Marketing communication** stihl points out that its trimmers and blowers have emission levels lower than those required by the EPA.

**Path #2 : Acquire**

* When your portfolio has no obvious candidates for accentuation, buy someone else green brand.
* EG, the body shop by Lpreal, ben and jerrys by unilever, and toms of maine by colgate Palmolive.
* In such deals the buyers channel and distribution capabilities are often expected to substantially broaden the green brands customer base.
* Ben and jerrys, sales increased by 70%
* Managers should be mindful of: culture clash and strategic fit. Any merger can stumble when company cultures collide.
* eg, groupe dannoes takeover of stonyfield farm. When shareholders forced stonyfields founder to sell, he spent two years compiling a list of conditions to ensure the companys social mission would be preserved. Took another two years to close deal.
* Scrutiny by the green community may undermine the otherwise solid business benefits of the acquisition.
* If the merger falls, money is lost but merger accused of destroying a green competitor.
* Successful green brands are attractive targets because they have loyal customer bases and because they come with specialised knowledge about eco friendly innovation and manufacturing, sustainable supply chain management, and green market development.

**Best Practices: who Acquires Well?**

* **Negotiations:** Colgate approached Toms of Maine with trust and respect, viewing the deal as a partnership than a takeover.
* **Company Independence :** Unilever agreed to keep ben and jerrys separate from its us ice cream business with a n indepenedent board of directors.
* **Internal Communications:**  toms of maine assured employees that the acquisition would help colgate innovate around sustainability principles.
* **External Communications:** a joint press release from danone and stonyfield highlighted the benefits to both companies of two way knowledge and talent transfer.

**Path #3: Architect**

* For companies with a history of innovation and substantial new product development assets, architecting green offerings, building them from scratch becomes a possibility.
* Can be slower and more costly, but may be best strategy for some companies because it forces them to build valuable competencies.
* Toyota took this root when building prius. Prius wan the first hybrid introduced to us market but it now dominates the fast growing market for more fuel efficient cars.
* Has worked well for them. Towers over its closest competitor in market share.
* Also transferred green tech to other areas of its portfolio.
* In 2005 company vecame the first to establish green credentials in the luxury car space when it produced a hybrid version of the lexus.
* Clorox shows how companies iwht limited green expertise but substantial product development capbilites and architect a green brand.
* Green works received alot of press, but details of Clorox strategy are less well known.
* Product produced by a couple of independent scientists, after a year company researchers established the benchmark definition and best practices for a natural cleaning product.
* The development of green works induced Clorox to accumulate a range of new competencies including specilased knowledge about eco conscious consumers preferences and expertise in the supply chain.

**Best Practices: Who Architects Well?**

* **New product development :** Toyota directed its engineers to develop a new fuel efficient and environmentally friendly vehicle within three years.
* **New production methods:** Patagonia created a line of products using a closed loop production system it calls ecocircle.
* **Skunkworks:** Clorox provided the resources for a separate green works business unit.

**Making Green Growth Happen:**

* They should being by evaluating each option: is it feasible? Is it desirable? How would it be implemented?
* **Feasibility.**
  + companies take stock of their assets along two dimensions: greenable attributes of existing products and brands, and organistaional green products and brand development capabilities.
  + Careful review of opportunities to promote brand green benefits.
  + Second dimension involves appraising the companys green resources and capabilities. May include broad review of the processes and prorities for innovation and new product development supply chain mangenment etc.
* **Desirability**
  + Managers assess the strategic fit of each option with the companies objectives and the resources they can bring to bear on the green initiative.
  + Need to consider speed to market and the investments, reputation and competencies that the initiative will require.
  + Companies unwilling or unable to allocate major resources for green initiative will find accentuation the most attractive way to enter green markets.
* **Implementation.**
  + Acting on all the factors that affect successful execution.
  + Companies must align their green strategy with their existing product portfolio and devote or develop the resources and capabilities needed to achieve their strategic goals.
  + Must address red flag issues that could undermine implementation.
* Whatever path you choose the public wont see your green initiative as independent of your other activities and offerings
* They will view your efforts as part of the orgs overall approach.
* That means the companies that ultimately succeed in growing green will be distinguished by their commitment to coporatewide sustainability as well as the performance of their green products.
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