

## A tale of two companies

---

John and Jane Emrick, owners of Norm Thompson Outfitters, an Oregon-based catalogue and retail outlet company, spent 1993 living in Europe and Africa. They returned very discouraged about the state of the world and wanted to do something for the environment.

When John returned to daily activities, the company's president asked him to take on a special project: managing the construction of a new corporate headquarters. John and Jane were delighted with the idea, seeing it as an opportunity to make their mark: design an environmentally sound building.

The Emricks found little initial support among Norm Thompson's senior managers and the development team for their idea of constructing a 'green' building. The concept was new to everyone. The Emricks therefore had to drive the process by continually asking how each decision, no matter how small or large, might impact on the environment. The process was slow, but with each success enthusiasm for the concept grew. In the end, the entire design and construction team, including the subcontractors, embraced this new way of thinking.

The building was completed in 1995, within a budget that included some extra costs for green building technologies. It garnered numerous awards including the first Earth Smart certification from Portland General Electric for energy and resource-efficient design, the City of Portland's BEST (Business for an Environmentally Sustainable Tomorrow) award for energy efficiency, and an American Institute of Architects' award for energy efficiency and design. The additional costs of the building's environmental features were recouped in four years due to the more than \$25,000 annual energy savings achieved by its design.

With the success of their green building venture, the Emricks were energised about their ability to affect change. Jane soon began to ask the same question about the company as she had asked about the building: How does each decision impact on the environment? This single question proved to be a major turning point at Norm Thompson Outfitters in its approach to the environment.

A short time later after the building was finished, the Emricks and two managers attended a Natural Step workshop. The Natural Step, which is discussed in Chapter 3, is a framework specifically designed to help organisations understand sustainability. John knew that other firms had successfully used The Natural Step to guide

their sustainability efforts and hoped it could help Norm Thompson also. Upon his return from the training, John spoke with the senior management team and employees about the need for a sustainability initiative. When the company's environmental mission statement was being revised, John's persistence paid off.

The management team decided to adopt The Natural Step 'system principles' as their vision to guide the firm's sustainability efforts. These principles were integrated into the long-standing values of the firm and, after a great deal of discussion, a new environmental vision for the company emerged: 'Norm Thompson Outfitters will be a leader in developing business practices that sustain, restore and move in harmony with the natural environment.' This statement changed the company's traditional 'escape from the ordinary' philosophy from a singular focus on the company's products to a broader emphasis on the way it does business.

The Emricks realised that the firm could achieve its new vision only if employees fully integrated sustainability into their daily decisions and activities. The company has three sales divisions: *Norm Thompson*, which produces high-quality clothing for travel, leisure and people on the go; *Early Winters*, which sells rugged clothing and products for those who play outdoors; and *Solutions*, which sells goods that make life easier by providing 'solutions' to challenges throughout the home. All of its products are bought from suppliers. With annual revenues approaching \$200 million, Norm Thompson Outfitters has about 600 year-round employees nationwide. They also hire an additional 1,000 temporary employees during their peak holiday sales season to answer customer calls, and package and distribute goods. John and Jane knew it would be a major task to get such a large, changing, geographically dispersed workforce to integrate sustainability into its thinking.

A sustainability-training programme was developed for employees. The sessions included a hands-on exercise that asked participants to evaluate company products based on the principles of The Natural Step. By April 1999, 75% of the firm's employees had completed the training. The vast majority of people came away excited.

Once momentum for sustainability started to build within the company, the senior management team decided to hire a full-time individual to co-ordinate the effort. In a roundabout way, this decision helped solidify management support for the sustainability initiative.

John offered the position to an employee, who, after some investigation and thought, declined. She felt that while John and Jane were fully committed to the sustainability initiative, the other senior managers did not have the same understanding and conviction. The employee therefore concluded that the effort would fail. When John informed the senior managers of the reasons behind the candidate's decision, they initially denied her accusations. However, after some soul-searching they agreed she was right. Ultimately, this event led the management team more fully to embrace sustainability as a core part of the company's mission.

In July 1999, the company hired Derek Smith as the corporate sustainability manager. One of the first things Derek did was to organise a ten-person team. It became known as the 'E-team' (the E representing 'environment'). The E-team included representatives from all units and functions of the company, from senior managers in merchandising and human resources to people who answered the

phone and processed orders. The team was charged to answer one question: ‘What will it take to make the cultural changes needed to move the firm toward sustainability?’

The E-team developed lists of potential drivers of the company’s sustainability initiative and the potential barriers to its success. It then made two major recommendations. First, the company should develop an action plan that included identifiable, measurable steps to integrate sustainability into the firm’s business plan. Second, the plan could not add to the workload of employees. The latter recommendation helped clarify how sustainability would be implemented in the company: it would become ‘a thinking filter’ for the way employees did their work, not a separate programme or project.

Based on these recommendations, the E-team began to develop an action plan. The plan identified four top environmental issues for the company: global warming, toxic substances and materials, habitat destruction, and waste. Taken from the US EPA’s list of emerging environmental issues, these four issues paralleled the four Natural Step ‘system conditions’. The action plan linked these issues to five areas in which the company could have the greatest impact: products, packaging, publishing (including catalogue printing), transportation and ‘influence’ (with suppliers and distributors). The plan enumerated goals, targets and deadlines for every department in these areas. It also established metrics and an evaluation process to measure environmental and economic performance.

The E-team knew it had to make the business case for sustainability. Therefore, to measure the financial outcomes of the sustainability initiative, the action plan set a target that declared that the company would save \$500,000 in 2001 and \$5 million over a five-year period through various steps.

In April 2000, the company held a half-day ‘sustainability celebration’ for Portland-area employees and invited guests. While there were other reasons for the event, the primary purpose was to unveil the firm’s new ‘sustainability action plan’. A few high-profile speakers keynoted the celebration. Each of the division vice-presidents unveiled a departmental sustainability action plan.

Perhaps the most important moment, however, was the closing segment. CEO John Emrick took the podium and asked, ‘So, why are we doing this?’ Louis Armstrong’s ‘What a Wonderful World’ then began to play in the background. Photos of Norm Thompson employees’ children and grandchildren (taken earlier during ‘take your child to work day’) suddenly flashed across a large movie screen. According to Derek Smith, this final event tied the company’s sustainability initiative to a sense of personal responsibility for the future. Derek said the presentation ‘left not a dry eye in the house’. By the end of the day, everyone in attendance realised that sustainability was now a central driving force for Norm Thompson Outfitters.

The success of the sustainability celebration generated great momentum that resulted in the achievement of many of the goals laid out in the initial Action Plan. Among the accomplishments, the company has:

- Shifted to a minimum of 10% post-consumer waste paper in its catalogues—the first mainstream catalogue company in the US to do so (the move turned out to be cost-neutral and has been well received by customers).

- Introduced organically grown cotton into selected products in their *Early Winters* product line. The success of this venture led to additional steps to incorporate organic cotton into clothing.
- Reduced the number of mailings it sends through a unique programme called 'ship all together'. In one year, 13% of applicable customers chose this new option. This generated \$243,464 in annual savings, saved 30,433 shipping boxes or bags, and reduced the use of filler, tape, labels and inks. It also saved energy and pollution generated from shipping the items.
- Cut solid waste at its headquarters by 41%.

Norm Thompson uses a variety of means to constantly communicate its vision of becoming a sustainable enterprise to employees and stakeholders. The chief financial officer's photo, on the wall above the copier, bears the caption 'Go ahead, make my day. Improve our profitability by using less paper.' Whenever employees implement a great idea they can be nominated for an award. Derek Smith helps the employee document the results of their innovation, focusing on both the environmental and financial savings. CEO John Emrick and company president Becky Jewett personally hand out the awards at monthly associates meetings. Because the awards programme is highly visible, it generates numerous suggestions from employees.

A constant stream of workshops, e-mails and special events educate employees and keep sustainability high on their agendas. The company discusses its sustainability efforts and its results on its website for the public to see.<sup>1</sup> It has also begun to help its suppliers and distributors understand and adopt sustainability measures. For example, Derek Smith sponsors sustainability workshops for product buyers. Suppliers are rewarded through increased sales for producing environmental and socially sound products.

Since achieving its initial goals, Norm Thompson has shifted its focus to the longer-term need to anchor sustainability in its corporate culture. Sustainability performance criteria have been written into employee job descriptions. Sustainability is now a part of the new employee hiring process. In 2000, in a very tight job market, the company filled several key positions with people who specifically wanted to work for the firm because of what it stands for. Derek Smith is convinced that the company is also more productive, though he does not have hard numbers yet to back this up.

In keeping with the company's philosophy of complete honesty about its progress, Derek Smith acknowledges, 'We know the sustainability programme is not quite institutionalised yet.' However, Derek is confident about the future. 'I know we will be successful.'<sup>2</sup> Indeed, Norm Thompson has laid the foundation for a permanent transformation to a more sustainable enterprise.<sup>3</sup>

1 [www.normthompson.com](http://www.normthompson.com)

2 Personal communication, May 2001.

3 Personal interviews with John Emrick and Derek Smith, May 2001; review of case study by Owens and Allaway, for the Oregon Natural Step Network 2001; review of company documents.