THE BIG IDEA

The Sustainability Imperative

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By David A. Lubin and Daniel C. Esty

Most executives know that how they respond to the challenge of sustainability will profoundly affect the competitiveness—and perhaps even the survival—of their organizations. Yet most are flailing around, launching a hodgepodge of initiatives without any overarching vision or plan. That’s not because they don’t see sustainability as a strategic issue. Rather, it’s because they think they’re facing an unprecedented journey for which there is no road map.

But there is a road map. Our research into the forces that have shaped the competitive landscape in recent decades reveals that “business megatrends” have features and trajectories in common. Sustainability is an emerging megatrend, and thus its course is to some extent predictable. Understanding how firms won in prior megatrends can help executives craft the strategies and systems they’ll need to gain advantage in this one.

The concept of megatrends is not new, of course. Businessman and author John Naisbitt popularized the term in his 1982 best seller of the same name, referring to incipient societal and economic shifts such as globalization, the rise of the information society, and the move from hierarchical organizations to networks.

Our focus is on business megatrends, which force fundamental and persistent shifts in how companies compete. Such transformations arise from technological innovation or from new ways of doing business, and many factors can launch or magnify the process of change. Business megatrends may emerge from or be accelerated by financial crises, shifts in the social realities that define the marketplace, or the threat of conflict over resources. The geopolitics of the Cold War, for example, drove the innovations that launched both the space race and rapid developments in the field of microelectronics—ultimately unleashing the information technology megatrend. Electrification, the rise of mass production, and globalization were also megatrends, as was the quality movement of the 1970s and 1980s. The common thread among them is that they presented inescapable strategic imperatives for corporate leaders.
Why do we think sustainability qualifies as an emerging megatrend? Over the past 10 years, environmental issues have steadily encroached on businesses’ capacity to create value for customers, shareholders, and other stakeholders. Globalized workforces and supply chains have created environmental pressures and attendant business liabilities. The rise of new world powers, notably China and India, has intensified competition for natural resources (especially oil) and added a geopolitical dimension to sustainability. “Externalities” such as carbon dioxide emissions and water use are fast becoming material—meaning that investors consider them central to a firm’s performance and stakeholders expect companies to share information about them.

These forces are magnified by escalating public and governmental concern about climate change, industrial pollution, food safety, and natural resource depletion, among other issues. Consumers in many countries are seeking out sustainable products and services or leaning on companies to improve the sustainability of traditional ones. Governments are intervening with unprecedented levels of new regulation—from the recent SEC ruling that climate risk is material to investors to the EPA’s mandate that greenhouse gases be regulated as a pollutant.

Further fueling this megatrend, thousands of companies are placing strategic bets on innovation in energy efficiency, renewable power, resource productivity, and pollution control. (See the sidebar “Fueling the Megatrend.”) What this all adds up to is that managers can no longer afford to ignore sustainability as a central factor in their companies’ long-term competitiveness.

**Learning from the Past: Quality and IT**

Megatrends require businesses to adapt and innovate or be swept aside. So what can businesses learn from previous megatrends? Consider the quality movement. The quality revolution was about innovation in the core set of tools and methods that companies used to manage much of what they do. Quality as a central element of strategy, rather than a tactical tool, smashed previous cost versus fitness-for-use barriers, which meant the table stakes were dramatically raised for all companies. The information technology revolution was about tangible technology breakthroughs that fundamentally altered business capabilities and redefined how companies do much of what they do. Digital technologies deeply penetrated corporations in the 1980s and 1990s, and the trend accelerated as IT made its way into the daily lives of workers and consumers with the advent of desktop computing and the internet.

In both the IT and quality business megatrends—as in others we’ve studied—the market leaders evolved through four principal stages of value creation: First, they focused on reducing cost, risks, and waste and delivering proof-of-value. Second, they redesigned selected products, processes, or business functions to optimize their performance—in essence, progressing from doing old things in new ways to doing new things in new ways. Third, they drove revenue growth by integrating innovative approaches into their core strategies. Fourth, they differentiated their value propositions through new business models that used these innovations to enhance corporate culture, brand leadership, and other intangibles to secure durable competitive advantage.

**The quality story.** The economic downturn of the late 1970s, coupled with the 1979 oil shock, drove a dramatic shift in consumer preferences toward efficiency. Many industries were transformed, perhaps none more dramatically than the automotive sector. Of course, the seeds of change had been planted earlier. In the years after World War II, Japan had rebuilt its industrial infrastructure on a model of high-volume, low-cost factories that mass-produced goods of questionable durability and quality. “Made in Japan” was not considered a brand asset. By the mid 1970s, however, Japanese government and business leaders had seized upon the ideas of Edwards Deming and others who stressed quality as a core value. This incremental, process-oriented approach to systematic improvement fit well with Japanese executives’ views on how to drive change to compete effectively in the global market. Leading firms including Toyota and Honda embraced Total Quality Management (TQM) methods, fundamentally shifting their value propositions. Quality methods called into question the assumptions managers had relied on for decades, namely that high quality and affordability were mutually exclusive.

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The focus on quality—initially adopted as a means of reducing defects—delivered a greater advantage to companies that took a holistic view and drove changes across their business operations. The famed Toyota Way applied quality methods to every stage of value creation from concept to customer—and ultimately to intangibles such as brand, reputation, and corporate culture. The reputational harm Toyota is experiencing thanks to the recent recalls underscores how important quality continues to be to the firm’s central value proposition. Toyota’s current troubles also highlight the need for firms to align core elements of strategy. In this case, the dissonance between its long-term quality strategy and a more recent topline growth strategy has seriously undermined Toyota’s model for value creation.

Rey Moore, the former chief quality officer at Motorola, describes a similar evolutionary process at the communications giant. Like most firms, Motorola first used quality methods to improve fault and error detection and thus reduce cost, waste, and risk. As those methods proved valuable, the company began to redesign manufacturing processes and product development functions to proactively reduce risks of product failures, functional inadequacies, and other inefficiencies rather than simply detect them. As quality’s potential business impact grew, Motorola developed Six Sigma methods and a standardized tool kit including items like Pareto charts and root-cause analysis models to take quality to scale. Eventually, quality became a defining attribute of Motorola’s brand and culture and a source of competitive advantage. The same story unfolded at firms in all industry sectors as leading companies rode the quality wave to enhanced growth and profitability—delivering a clear quality premium for their shareholders.

The IT story. When the recession of 1982 hit, pressure mounted at many companies to increase productivity, particularly by using emerging information technology innovations to drive cost savings. The early returns on these efforts were mixed. As with quality, skeptics described IT as a black hole into which firms poured money with little return. But some corporate leaders saw that the strategic application of IT could drive growth and provide decisive advantage. American Airlines, a classic example, captured more than 40% of all U.S. airline transactions thanks to its innovative Sabre reservations system.

A lesser known case is American Hospital Supply’s deployment of a revolutionary online purchasing system, which allowed hospitals to order medical supplies electronically, reducing costs, time, and errors for both the company and its customers. Over the next decade, the Analytic Systems Automatic Purchasing system—better known as ASAP—transformed how AHS delivered value to its customers.

Building on its success improving efficiency and reducing inventory risk, the firm developed service innovations that enabled it to deliver any product from any manufacturer at any time from any desktop computer to any hospital supply room. In the process, AHS amassed an extensive product and price database that gave AHS a clear advantage over less nimble competitors. Finally, AHS used IT to evolve its business model. The company, which had been a single-source materials provider to its hospital clients, began taking over their inventory management and procurement processes. This IT-driven innovation established the AHS brand as the leader in its business with a competitive edge based originally on price and later on service and helped the company grow earnings from $42 million in 1974 to $237 million in 1984.

The IT and quality megatrends show us that firms seeking to gain advantage in sustainability will have to solve two problems simultaneously: formulating a vision for value creation and executing on it. In other words, they must rethink what they do in order to capture this evolving source of value; and they must recast how they operate, expanding their capacity to execute with new management structures, methods, executive roles, and processes tailored to sustainability’s demands.

Fueling the Megatrend

Venture investing in clean tech reached a nearly $9 billion annual run rate in 2008 and shows signs of growing again after a slowdown in 2009. The flow of private-sector investment into the clean tech marketplace has been estimated at more than $200 billion a year—with fast growth not just in the United States and Europe but in China, India, and the developing world. And G20 governments have earmarked some $400 billion of their $2.6 trillion in stimulus funds for clean tech and sustainability programs.

Getting the Vision Right

Just as winners in previous megatrends outperformed competitors by following a staged evolution in strategy, so too must companies hoping to lead (or even compete) in the emerging sustainability wave. The idea that mastering sustainability should follow a multi-stage approach is already apparent. In 2006, one of us (Esty) with coauthor Andrew Winston described such a strategy in Green to Gold. The framework has since been extended, notably by Ram Nichumolu, C.K. Prahalad, and
Capturing the Eco-Premium

Companies that excel in sustainability make shifts in five key areas, moving from tactical, ad hoc, and siloed approaches to strategic, systematic, and integrated ones.

**Stage 1: Do old things in new ways.** Firms focus on outperforming competitors on regulatory compliance and environment-related cost and risk management. In doing so, they develop proof cases for the value of eco-efficiency. At its inception 30 years ago, 3M’s Pollution Prevention Pays was just this kind of initiative. As of 2005, PPP had reduced 3M pollutants by more than 2.6 billion pounds and saved the company more than $1 billion. It also laid the foundation for the nearly completed Environmental Targets 2005–2010 program, which will reduce expenses related to energy usage, emissions, and waste by another 20%.

**Stage 2: Do new things in new ways.** Firms engage in widespread redesign of products, processes, and whole systems to optimize natural resource efficiencies and risk management across their value chains. DuPont’s “zero waste” commitment, for instance, increased the company’s prioritization of eco-efficiency across their operations. Its decision to shed businesses with big eco-footprints, such as carpets and nylon, was based on an analysis that the business and environmental risks would outweigh their potential contribution to future earnings.

**Stage 3: Transform core business.** As the vision expands further, sustainability innovations become the source of new revenues and growth. Dow’s sweeping 2015 Sustainability Goals, designed to drive innovation across its many lines of business, yielded new products or technology breakthroughs in areas from solar roof shingles to hybrid batteries. The core business, which had traditionally relied on commodity chemicals, has shifted toward advanced materials and high-tech energy opportunities.

**Stage 4: New business model creation and differentiation.** At the highest level, firms exploit the megatrend as a source of differentiation in business model, brand, employee engagement, and other intangibles, fundamentally

M.R. Rangaswami in their article “Why Sustainability Is Now the Key Driver of Innovation” (HBR September 2009). As was the case in the IT and quality megatrends, pioneering companies in sustainability often start by focusing on risk and cost reduction and over time develop strategies for increasing value creation, ultimately including intangibles such as brand and culture. Let’s examine the four stages of value creation.
repositioning the company and redefining its strategy for competitive advantage. GE’s eco-magination initiative, poised to deliver $25 billion in revenues in 2010, enabled CEO Jeff Immelt not just to reposition the company as an energy and environmental solutions provider but to build a green aura into the GE brand.

Getting Execution Right
Gaining advantage in a megatrend is not just about vision—it’s also about execution in five critical areas: leadership, methods, strategy, management, and reporting. In each area, companies must transition from tactical, ad hoc, and siloed approaches to strategic, systematic, and integrated ones.

Leadership. When CIOs first came on the scene, the role was ill-defined and narrowly focused. A limited set of problems was seen as suitable for IT solutions. Now CIOs play undisputed strategic roles with implications for all functions and business units. Strategic sustainability initiatives need similar C-level leadership. While many companies now have chief sustainability officers, the role varies tremendously from firm to firm. CEOs must make a commitment to institutionalizing this new executive position and allocating the necessary resources and responsibilities.

The CSO will be essential to moving companies through the sustainability stages. Like the CIO, a chief sustainability officer helps the CEO and executive team visualize goals and professionalize the process of aligning vision with business strategy. That means redefining performance expectations, specifying accountability, tracking results, and rewarding success. As best practices bubble up in individual units, the CSO is responsible for ensuring that they’re disseminated widely and that the skills needed to execute are available.

Many firms are now accustomed to working with partners and suppliers in formulating their vision and goals, but a CSO must broaden and deepen those links as companies are increasingly held responsible for their entire value chain and product life cycle. Sustainability leadership must put a premium on developing shared goals with a broad set of stakeholders—customers, interest groups, and even competitors and adversaries. Coca-Cola, for instance, has worked intensively with its bottling partners to “light weight” its packaging, cutting greenhouse gas emissions and generating savings in the tens of millions of dollars. It has also made a commitment, in cooperation with its bottlers and the World Wildlife Fund, among other NGOs, to “water neutrality”—an initiative that will reduce its strategic risk and environmental impact by replenishing watersheds to the full extent of the water it extracts.

In response to urging by Greenpeace, Coca-Cola announced in December 2009 that all its new vending machines and coolers would be HFC-free by 2015, reducing the equipment’s greenhouse gas emissions by 99%.

Methods for assessing value. With a sustainability vision in place, the executive team must marshal specialized capabilities for weighing options and quantifying benefits and risks. Just as the quality and IT megatrends ushered in new skill sets and fresh perspectives, the sustainability megatrend will require firms to update traditional business tools—business-case analysis, trend spotting, scenario planning, risk modeling, and even cost accounting—to encompass the specialized requirements of environmental sustainability.

Most current methods that companies use to track or project sustainability impacts generate inconsistent, incomplete, and imprecise data. Recognizing that if they can’t measure it, they can’t manage it, companies are developing better means of gauging corporate-sustainability-related costs and benefits and of benchmarking performance. Fujitsu, for instance, employs a performance assessment scorecard—its “cost green index”—that assesses the potential cost, productivity, and environmental impacts of eco-efficiency initiatives across the firm.

Other companies are repurposing standardized tools and methods to bring a sustainability focus to all aspects of the business. For ex-

Advice for First Movers
Don’t rest on your green laurels. As we have seen in other business megatrends, early leaders are not guaranteed enduring competitive advantage. Continued innovation is required to stay in front of the pack. Thus, even for those who manage a megatrend well and emerge at the top of a transformed market, the premium does not last indefinitely. For example, Wang led the world into office computing but failed to keep up as mainframes gave way to desktop computers. And while American Hospital Supply gained a substantial marketplace advantage by being an early mover in advanced information management in the health care sector, the competition eventually caught up and copied AHS’s IT innovations. Nevertheless, the company’s leadership in the IT wave allowed it to deliver superior value to its shareholders for a decade—not a bad ride.
ample, 3M, a longtime quality leader, is now applying lean Six Sigma methodologies originally aimed at improving operational efficiency and product quality to driving direct reductions in energy use, waste, and greenhouse gas emissions. To meet aggressive five-year sustainability targets, its Six Sigma leadership group has trained 55,000 employees in how to use these methods. As sustainability-related methods and tools mature, we expect training programs and certifications not unlike certified IT roles or black and green belts in the quality domain to emerge.

**Strategy development.** Once firms have a solid base of analytical data, they will be positioned to develop distinctive sustainability strategies. Many aspects of strategy development will remain internal, but companies will increasingly adopt open-source approaches that engage outsiders.

Perhaps more than any other company, Wal-Mart has pursued this approach. In 2006, then-CEO Lee Scott launched Sustainability 360, establishing explicit goals to purchase 100% renewable energy, create zero waste, slash greenhouse gas emissions, and sell “products that sustain our resources and the environment.” To this end, Wal-Mart created a dozen Sustainable Value Networks, each comprising Wal-Mart team members, NGO experts, academics, government officials, and supplier representatives, all working under the direction of a Wal-Mart network captain. Each team focuses on a strategic issue targeted by the company’s sustainability agenda—such as facilities, packaging, and logistics—and tries to develop new ways of doing business that support the company’s sustainability goals. The payoffs are already showing up: One of the Sustainable Value Networks, tasked with fleet logistics, came up with a transportation strategy that improved efficiency by 38%, saving Wal-Mart more than $200 million annually and cutting its greenhouse gas emissions by 200,000 tons per year.

**Management integration.** To capture the full benefits of the megatrend-driven strategy, firms must integrate sustainability objectives into day-to-day management. Leadership may come from headquarters, but responsibility for implementation lies in the field. Firms such as Dow have incorporated sustainability objectives into compensation models, reviews, and other management processes, including a requirement that all newly promoted business unit managers review their units’ sustainability plans with senior management within 90 days.

Managing sustainability strategy requires systems support as well. While many firms have invested in technology to record and report environmental events such as spills and waste disposal, others have gone much further. Wayne Balta, head of Corporate Environmental Affairs at IBM, describes his company’s environmental management system as the foundation for policy deployment, practice management, goal setting, decision making, and data capture. IBM uses the technology to embed environmental strategies into all areas of the business, from R&D to operations to end-of-life product disposal.

**Reporting and communication.** As public scrutiny, governmental regulation, and customer expectations intensify, companies will need to build capabilities in sustainability reporting. For example, they will need to share information on their response to emerging environmental standards, such as the EPA’s proposed greenhouse gas emissions reporting regulations, and on the financial impacts of the sustainability megatrend to employees, shareholders, and other stakeholders. Developing metrics that allow companies to measure benefits and understand costs is essential to adapting and refining their strategy, as well as communicating results. And Wall Street will increasingly demand evidence that sustainability investments are generating returns.

We see substantial room for improved sustainability communications, particularly among companies with a strong commitment to lead in this arena. Our firm has conducted evaluations of dozens of companies along 35 dimensions of

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**Evidence of an Eco-Premium**

Recent academic studies offer new data correlating strong environmental or sustainability performance with superior financial returns. Notably, Julie Fox Gorte’s analysis of a 2009 Mercer research survey examining several dozen studies found that firms with better social and environmental performance tend to have lower costs of capital associated with lower risk. The evidence is thus mounting that improved environmental risk management helps firms reduce volatility in shareholder value and earnings performance. We see this potential boost in shareholder value tied to the successful execution of sustainability strategy—what we call an eco-premium—as a further signal of the emerging megatrend’s strength.
sustainability management. When the assessments were based only on publicly available information and a company’s external reporting, we got scores that were almost always lower, and often significantly so, than scores developed in consultation with the company and with full inside information.

We’ve found a few companies that are leading the way toward the sort of expanded sustainability reporting that we anticipate will become standard practice. Timberland’s sustainability reports, for example, include numerous metrics on pollution and use of natural resources. The company has also broken new ground in providing product-level environmental-impact information to its customers with labeling that resembles the Nutrition Facts labels on food.

**Building a Sustainability Performance System**

By joining a vision of sustainability value creation (the “what we must do”) with evolving execution capabilities (the “how we must do it”), firms develop what we call a sustainability performance system. Depending on their sophistication in both realms, and their desire to use sustainability as a competitive weapon, they’ll fall into one of four categories:

**Losers.** As the sustainability megatrend accelerates, firms that have put in place only modest cost, risk, and waste initiatives and whose vision and strategies are vaguely conceived or disjointed will find it increasingly difficult to protect their position. It may be too early to see clear examples of firms that have lost their competitive position based on the failure to develop and execute sustainability strategies, but the casualties from other megatrends like quality and IT abound. GM’s decline can clearly be traced to its earlier failure to understand how quality considerations would transform the auto industry. Likewise, Kodak’s dominant position in photography eroded quickly as it missed or ignored the signals that digital technologies would displace film.

**Defenders.** Some firms may choose a “go slow” sustainability strategy for many reasons—the peculiarities of their industry sector or business processes, their environmental exposure, or other competitive considerations. Others will be content to make investments in the early-stage objectives of cost, risk, and waste management. This defensive posture can work, provided the gap between a go-slow company’s market position and that of primary competitors does not grow too large and the company has execution capabilities commensurate with the complexity of its business. Maersk, the Danish shipping company, has focused its sustainability efforts on efficiency, slashing fuel costs and cutting carbon dioxide emissions through slow-speed shipping and other initiatives. As long as others in the shipping business do not pursue a more sweeping sustainability strategy, perhaps built on more-efficient ship design, Maersk should be able to hold its position. Indeed, many companies may find that their best option is to play defense on sustainability and not try to make this the issue on which they differentiate themselves in the marketplace.

**Dreamers.** When vision and ambition get too far ahead of the capacity to execute, companies face another set of issues. Those that seek first-mover advantages in the later stages of sustainability differentiation without having mapped out a clear strategy and mastered the fundamentals of execution may experience the same kinds of problems that plagued some aspiring pioneers in the quality and IT megatrends. For instance, the London Stock Exchange’s vision of a paperless settlement system was a bold move

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**Making a Sustainability Winner**

Companies seeking competitive advantage from sustainability must match innovative green product offerings and business models with strategic execution. Even those seeking to defend their position through eco-efficiency must climb the execution curve.
and one that managers believed would catapult the organization ahead of its peers. Managers optimistically ballparked the cost at £6 million and jumped in with both feet. By the time the exchange acknowledged that it lacked the management and technical capabilities to execute this leading-edge IT project, in 1993, the tab had shot past £400 million, with no end in sight.

Dreamers who try to ride the sustainability wave risk making sustainability promises they can’t keep, inviting charges of greenwashing and the attendant reputational and financial harm. Some years ago, Ford Motor Company suffered from Bill Ford’s attempts to green his business before his management team was ready. His unfulfilled commitments to improve SUV fuel economy and make Ford a leader in hybrid vehicles brought the wrath of environmental groups. His successor, Alan Mullaly, has moved Ford forward with new models that feature advanced materials, smart systems, and high efficiency, enabling the automaker to withstand the current downturn better than domestic competitors and positioning Ford for success.

**Winners.** Although the sustainability landscape continues to shift, some early winners have emerged. GE’s financial services business has lagged badly, but its ecomagination product line has generated tens of billions of dollars in revenues and positioned the company as a leader in rapidly growing market segments such as energy infrastructure and high-efficiency appliances, jet engines, and locomotives. The ecomagination marketing campaign has also had a halo effect, helping GE transform its reputation from environmental bad actor to sustainability front-runner. Similarly, Clorox’s Greenworks line of eco-friendly cleaning products has reframed the public’s perception of the company—and generated billions of dollars of sales. Clorox’s acquisition of Burt’s Bees, a leader in natural personal care products, further convinced environmental stakeholders that the company’s shift in strategy was both sincere and significant.

Soon companies will have a clear sense of what it means to manage sustainability as a business megatrend. Best practices will emerge, and sustainability scorecards will allow companies to track cost and risk reduction as well as value-creation activities. As environmental data become richer and more accurate, companies will be able to chart their impacts in financial terms—making it easier for market analysts to identify the firms positioned to deliver an eco-premium. In this new world, the sustainability strategy imperative will be systematized and integrated into the day-to-day practices of firms of all sizes in all industries. Like the IT and quality megatrends, sustainability will touch every function, every business line, every employee. On the way to this future, firms with a clear vision and the execution capabilities to navigate the megatrend will come out ahead. Those that don’t will be left by the wayside.

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Sustainability Jobs Get Green Light at Large Firms

By Joe Light
Wall Street Journal
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Though most employers aren't adding jobs at a quick pace, positions tied to sustainability and renewable energy might be a bright spot.

A few large companies recently created positions for so-called chief sustainability officers, who report to the chief executive or chief operating officer, and are responsible for making sure their companies save energy and are environmentally responsible. Some of these CSOs have beefed up hiring for "green" jobs.

In May, Coca-Cola Co. appointed a new chief sustainability officer and created an office of sustainability, tasked with overseeing the company's efforts around areas such as recycling, water management and climate protection.

In the past two years, Coca-Cola accelerated its hiring related to green jobs across functions including sustainable the sourcing of ingredients and water efficiency, said a spokeswoman for the company.

United Parcel Service Inc. appointed its first chief sustainability officer in March, promoting vice president Scott Wicker.

In the past two years, the number of online job postings containing the keyword "sustainability" has more than quadrupled to 8,245 in May, according to Indeed.com, which aggregates online job postings. The number containing "wind" and "solar" more than doubled in the same time period.
Some of that growth might have come from the $800 billion economic stimulus package, about $100 billion of which was devoted to green-related projects, said Robert Pollin, a professor of economics at the University of Massachusetts Amherst.

Much money was devoted to helping companies retrofit buildings to be energy efficient, and according to Mr. Pollin’s research, every $1 million devoted to that task created about 17 jobs for the life of the project, he said.

Other jobs are tied directly to creating renewable energy. Tempe, Ariz.-based First Solar Inc., which makes solar-power equipment, has about 400 openings globally, said Matt Dills, vice president of human resources.

Over the next 18 months, the company also plans to hire another 1,200 employees for manufacturing plants in Vietnam and Mesa, Ariz.

Mr. Dills said their hires run the gamut from engineers and employees to staff their manufacturing plants, to IT workers and administrative support.

"The solar market is growing globally, and we think the U.S. is going to be a large market for us," he said.

Other solar companies are also seeing rapid growth. Suniva Inc., a solar cell manufacturer in Norcross, Ga., is currently hiring for 11 positions, said chief marketing/commercial officer Bryan Ashley.

Since the beginning of the year, the company has hired 35 employees, including sales people and engineers, bringing them to about 210, he said.
Sustainability is Winning Over CEOs
By Duane Stanford
Bloomberg Businessweek
March 30 2011

Long a cause célèbre of the eco crowd, sustainable business practices are yielding big savings at companies like PepsiCo and Wal-Mart

At PepsiCo's (PEP) Walkers potato chip plant in Leicester, England, steam from the fryers rises through exhaust stacks into the open sky. From his office window, Martyn Seal, the company's European director of sustainability, watches the wispy clouds and sees nothing but lost resources and wasted cash. To change all that, Seal and his team are working to develop a manufacturing process that will allow them to suck water out of potatoes and even unplug the plant from the public water system.

Potatoes are 80 percent water, most of which is lost as steam when 350,000 tons of spuds are sliced and fried annually at the factory. Seal hopes to condense the steam, possibly with a system of cooling tubes, and reuse the captured H\textsubscript{2}O to clean equipment, help wash potatoes along manufacturing lines, and even irrigate the shrubs outside. The method could save the plant $1 million a year. "Lots of people think we're nuts," says Seal. "We're trying to push the boundaries to make a difference."

At many companies, being socially responsible has typically meant handing out checks to victims of natural disasters, environmental groups, or producers of green TV commercials. Now the corporate sustainability movement has a simple premise: Saving the planet can save big bucks. Executives are trying to realize meaningful cost savings by coming up with innovative ways to go easier on the environment.

Recent volatile price swings in plastic packaging, fuel, cotton, food ingredients such as corn, and a host of other raw materials have added urgency to businesses' efforts to shave costs to keep prices competitive and protect margins.

How fully companies adopt sustainability efforts in this decade could have a real impact on their shareholder value, says Daniel C. Esty, an environmental policy professor at Yale Law School. Esty thinks sustainability will become as transformative for business as the earlier quality and information technology revolutions, once more top executives recognize the huge potential to trim costs.

"Sustainability has emerged as a factor in determining which companies win in the marketplace, and smart CEOs are investing in a more rigorous approach to the environment," says Esty, on leave from Yale to run Connecticut's Environmental Protection Dept., which will have additional energy responsibilities pending approval from the legislature. "A good number of companies begin to see the upside opportunity. The very best companies see the brand and corporate identity opportunity."

Wal-Mart Stores (WMT) is far ahead of Target (TGT) and Sears Holdings (SHLD) when it comes to realizing savings by working with retailers to reduce packaging. That translates into lower freight and warehouse costs. Wal-Mart's Seiyu chain in Japan in 2009 converted packages for its private-
International Paper (IP), a global paper and packaging company, recognized long ago that its future depends on a steady supply of trees, says James McDonald, the company's sustainability manager. IP says it planted more than 4 billion tree seedlings between the 1950s and about four years ago, when it sold its forest lands. More recent efforts have focused on using less water and energy at its manufacturing operations. The company cut fossil fuel purchases by 21 percent from 2005 to 2010—in part by burning limbs and other biomass debris from tree processing—generating $221 million in annual savings at last year's prices.
Too Old to Work?

By: Adam Cohen
New York Times Magazine, The (NY)
March 2, 2003

Allstate recruited new insurance agents in the 1980's with a brochure aimed at the dreams of time-clock punchers everywhere. The cover, which featured tidy-looking offices sporting the company's iconic blue-and-white logo, promised that signing on was "better than being in business for yourself." Inside, it offered prospective agents nothing less than a piece of the American dream. "Have you ever wanted a proprietary interest in a business?" the brochure beckoned. How about "unlimited income potential"? And "job security"?

Ron Harper, the son of a tractor salesman from Gainesville, Ga., wanted all of those things. A 38-year-old father of two, he had worked his way up in the supermarket business, starting as a bagger at 16 and rising to district sales manager in charge of 17 stores. But the supermarket industry was hurting, and after trying out a couple of other managerial jobs, he was looking for something more stable.

That was when he heard that Allstate was hiring. Its Neighborhood Office Agent program offered just the mix of opportunity and security he wanted. Allstate would give him policies to sell, money to run his own agency and a brand whose slogan -- "You're in Good Hands" -- was a marketing legend. He understood that the money would not be great at first. He would have to hustle to build a "book of business," and Allstate's commissions were less than he could earn as an independent broker. As an Allstate employee, though, he would receive generous benefits, including a pension. If he honed his skills and worked hard, he figured, there was no limit to what he could earn. And once he got past the preliminaries, he was told, he could be terminated only for dishonesty.

In August 1989, Harper was assigned to the small town of Thomson, Ga., and he uprooted his family and began hunting for customers in difficult terrain. Most of Thomson's older residents already had car and home insurance, and the younger ones were clearing out for better jobs in Augusta and Atlanta. But Harper "bled blue," as the company's saying goes. He lived off savings at first, pouring his commissions back into the agency, and used his own money for rent, an assistant's salary and ads in the Yellow Pages. After a few years, he had his book of business and was making a modest living. Then, in 1998, Allstate reduced the commissions it paid its neighborhood agents. To make up the lost revenue, Harper's wife quit her job and worked for him at below-market wages.

In November 1999, just past Harper's 10-year anniversary with Allstate, his supervisor called him in to his office in Augusta. Harper and about 17 of his fellow agents were handed a box of documents -- the "job in a box," they would come to call it -- radically redefining their relationship with Allstate. Harper and the others would now be independent contractors. Their benefits, pensions included, would end.

The box also contained what Harper now calls the "damnable release," which guaranteed that the agents would not sue. They didn't have to sign, but if they refused, their days selling for Allstate were over. "I read that thing, and honest to God, I felt nauseous," Harper says. The agents were
filled with questions. Prime among them, What happened to the job security they were promised? But the managers were "on transmit, no receive," Harper recalls. "All they wanted to do was read to us from the script."

The same meeting was being played out in Allstate offices nationwide. The company, which had more than 15,000 agents of various kinds, was offering all of its 6,400 employee agents -- the longest-serving agents, and those with the best benefits -- the same unrelenting terms. They could keep their jobs by forfeiting benefits that were, in some cases, worth hundreds of thousands of dollars. Or they could give up their benefits and their jobs.

Allstate's reneging on its promise was, Harper insists, "totally wrong." But he also knew that he couldn't afford to walk away. In the end, he did what all but a handful of the employee agents did -- he signed the release. Then he sued for age discrimination.

According to the federal government, age-discrimination complaints filed with the Equal Employment Opportunity Commission are up more than 24 percent over the past two years. Pick up the paper, and the cases are everywhere. Ford Motor Company is paying more than $10.5 million to settle suits by older managers who claim that its evaluation system discriminates against them. A Pennsylvania judge has cleared the way for 5,665 employees over 40 in the state Department of Transportation to bring a discrimination class action. McDonnell-Douglas is paying $36 million in partial settlement of a suit by about 1,100 older workers who say that the company laid them off to save on pension costs and medical benefits.

It's an odd time for age bias to be on the upswing. With the vast improvements in medicine, nutrition and lifestyle in recent years, old simply isn't what it used to be. The problem is that workplace culture has, for the most part, stuck to old ways of thinking about older workers. In many elite job markets -- investment banking, computer programming, publishing -- youth is celebrated, and regardless of how young older workers may feel, they only have to look around to realize that they represent the old school, not the new wave.

Hollywood has been rocked by a recent round of lawsuits charging television networks, production companies, studios and agencies with "gray listing" -- refusing to hire older talent. (In the case of some television writing jobs, "old" actually refers to the early 30's.) Last September, Doris Roberts, the septuagenarian actress who plays Ray Romano's mother on "Everybody Loves Raymond," told the Senate Special Committee on Aging that society views people her age as discardable. "My contemporaries and I are denigrated as old," she said. "Old coots, old fogies, old codgers, geezers . . . hags and old-timers."

Roberts was testifying about the entertainment industry, but she could have been describing almost any workplace in America. Look through the reams of age-discrimination documents, and you'll see that the biggest cases come not from Hollywood and Madison Avenue but from Old Economy sectors like auto manufacturing and retailing. (And some of the cruelest comments about old workers appear in litigation involving plumbing supplies and fiberglass sales.)

The disconnect between workers who look at themselves in the mirror and feel young and companies that look at them and think "old-timer" has fueled much of the explosion in age-discrimination claims. But there are also some more basic social factors at work. With the graying of America, there are simply many more people eligible to be discriminated against -- and to sue. The more than 70 million baby boomers now make up about half of the work force, and by
next year even the youngest boomers will be 40 --and therefore covered by federal age-discrimination laws. The oldest workers, who are most likely to face bias, are among the fastest-growing part of the work force. Workers over 65 increased by 20 percent in the 1990's; workers over 75 were up more than 80 percent from 1980 to 2000.

Couple these demographics with a faltering economy, and the conditions are perfect for a surge in discrimination suits. It's a typical pattern: when hard times hit, the ax falls disproportionately on older workers, who may be the most highly paid and who are often stereotyped as being less efficient. In a bad economy, with few other jobs available and retirement holdings taking a hit, fired workers are also more willing to sue.

The old face of age discrimination was the solitary worker quietly tapped on the shoulder and put out to pasture (Willy Loman, fired when the boss's son took over, left to complain, "You can't eat the orange and throw the peel away -- a man is not a piece of fruit!"). These days, however, age discrimination is more often the product of broad-based company policies, like decisions to phase out entire job categories disproportionately held by older workers.

That is precisely what Harper and his fellow agents have charged Allstate with doing. At the heart of their lawsuit is the claim that Allstate executives singled out one category of workers -- employee agents -- because more than 90 percent of them were over 40. If Harper and his 28 fellow plaintiffs win an early procedural battle and are allowed to represent a class of 6,400 onetime employee agents, this could be the biggest case ever charging a company with age discrimination.

The suit is still in its early stages, but the agents have retained two top Washington firms, and AARP has assigned two lawyers to the case. In late 2001, the Equal Employment Opportunity Commission jumped in on the agents' side, filing its own suit charging that Allstate violated federal pension and age-discrimination laws when it forced the agents to sign away their benefits and promise not to sue in order to keep working.

The stakes are high. If the plaintiffs win, Allstate could be forced to pay hundreds of millions of dollars. But more important is what the suit could mean for older workers nationwide. Thousands -- maybe millions -- of older workers are discriminated against on the job every year, but many have no idea what their rights are. Age discrimination is ready for a high-profile case that serves -- like Brown v. Board of Education did for race discrimination, or the Clarence Thomas-Anita Hill Senate hearings did for sexual harassment -- as a lightning rod.

"I've been looking for a case like this for years," says Raymond Gregory, an employment lawyer and the author of a book on age-discrimination law. A victory in the case, he says, could generate the kind of enormous damage awards and nationwide publicity that would force corporate America to rethink its approach to age in the workplace.

Allstate (the nation's second-largest auto and home insurer and No. 57 on the Fortune 500 list) got its start in 1931 as a mail-order insurance division of Sears, Roebuck & Co. After the 1933 Chicago World's Fair, where an Allstate agent sitting at a card table in the Sears exhibit was mobbed by customers, Sears began putting agents in booths in its stores -- usually under the escalator, the least valuable space on the sales floor.
In 1984, Allstate initiated the Neighborhood Office Agent program to get agents out of stores and onto Main Street. The N.O.A. program recruited agents as exclusive salesmen for Allstate's insurance products. Allstate offered lower commissions, in many cases, than the competition, and the office-expense allotments it paid -- as Ron Harper learned -- often did not cover an agency's costs. But what Allstate was really offering was a relationship that turned the job of insurance agent -- often a lonely seat-of-the-pants existence -- into the equivalent of an executive post with a major corporation. In addition to a great benefits package, Allstate's neighborhood agents would receive the best training in the industry and would be eligible for an array of old-style sales incentives -- Honor Rings, Chairman Conference Awards and trips to sunny islands and European capitals.

The Neighborhood Office Agent program was initially a great success, but things began changing at Allstate in the 1990's. In an I.P.O. in '93, Sears spun off 20 percent of its Allstate stake, and two years later it sold off the rest. As Allstate began to fend for itself, its managers began rethinking the role of agents. It stopped hiring employee agents and, the plaintiffs say, began a campaign to switch the existing ones over to independent-contractor status.

Allstate dangled carrots, like bonuses for managers whose agents switched. And it wielded sticks, including tougher rules for neighborhood offices. But even as Allstate was apparently trying to prod its employee agents, it reassured them that the choice was theirs to make. "Rest easy, there is no plan to convert N.O.A. employee agents to . . . independent contractors effective 4/1/98!!!!" a December 1997 sales update promised.

The late 90's was a time of intense competition in the insurance business, and agent-oriented companies were worried. Insurgents like Geico were eliminating agents and selling directly to customers. And with the dot-com frenzy at a fever pitch, the conventional wisdom was that commerce of all kinds was moving online. The Internet's rise looked like bad news for Allstate, whose costly infrastructure of agents and offices would be a drag on earnings. Wall Street, certainly, was worried. In a booming stock market, Allstate shares plunged more than 50 percent, even as the company was furiously rebuying stock to prop it up.

In January 1999, Allstate's C.E.O., Jerry Choate, stepped down. Choate, the creator of the N.O.A. program, had worked his way up on the sales side and was well regarded by the agents. His replacement, Ed Liddy, a onetime Sears executive, lacked Choate's ties to the agents and came with a take-no-prisoners reputation. At Sears, he had helped to shutter the company's famed catalog, marveling to C.F.O. Magazine, "It's amazing how quickly you can dismantle a business that took a hundred years to build."

It was 10 months after Liddy took charge that Harper and the other employee agents were given Allstate's take-it-or-leave-it offer. Inside the "job in a box" packages handed out that day was a booklet titled "Preparing for the Future," which redefined the employment rules for employee agents. The tough new rules coincided with, and seemed designed to bolster, Allstate's widely heralded new plans to "aggressively expand the company's sales . . . and streamline the way the company operates."

The future that employee agents were supposed to prepare for was a grim one. As the plaintiffs see it, Allstate's motives were clear. The company was trying to cut costs by taking away their health insurance and freezing their pensions. At the same time, they say, Allstate was focused on "re-energizing" to compete against the Geicos and the dot-coms, and younger workers
were the key. "We used to hear it in meetings all the time: 'We have these young people and they really go out and work,"' says Sylvia Crews-Kelly, a Tampa agent who was cut off after working 19 years, 8 months and 27 days -- three months before she would have been eligible to start drawing her pension. "They said older workers just want to sit on their policies and collect commissions."

Allstate sees things differently. "There was no discrimination," insists Sue Rosborough, a lawyer for the company. "We reorganized our agency force for a lot of very good business reasons." Allstate says that its new business model cut costs by $600 million but that almost all the savings came through closing regional offices and eliminating 4,000 nonagent positions.

The "Preparing for the Future" program was never intended to cut back on the cost of agent benefits, says Barry Hutton, the executive who oversaw it. Employee agents were asked to become independent contractors, he says, to "streamline" operations. Allstate's 6,400 employee agents were part of a force of more than 15,000 agents hired under different rules at different times. There were 11 categories of agents, Hutton says, each with its own commission rates. Simplifying the categories made Allstate more efficient. "We just flat-out had to make a business decision so we could be nimble, as nimble as a large company can be," Hutton says.

What about Allstate's supposed promises that employee agents would not be terminated except for dishonesty? If these promises were made, Rosborough says, they are not legally binding on the company.

It is unlikely that any prominent social theorist has ever put forth a vision of reform with insurance agents in the vanguard. The Allstate plaintiffs -- who were highly compensated and are overwhelmingly white and male -- do not look like typical victims of an unjust order. And the facts and legal issues in their suit are muddy. The animosity against older workers, if it was there, may be hard to find under all the layers of corporate cost-cutting and business strategizing.

Still, because of the number of workers affected, the prominence of the defendant, the size of the potential awards and the brazenness of Allstate's actions, this could represent the next wave in protecting the rights of older workers.

American workers are invariably surprised when they first learn, often when they have just been fired, about the concept of "employment at will." The general rule in American law is that employees hold their jobs at the whim of their bosses. Employers are free to fire workers, as the Tennessee Supreme Court explained in 1884, for "good cause, for no cause or even for cause morally wrong, without being thereby guilty of legal wrong."

Modern employment law has largely been a prolonged battle to whittle away at this doctrine. There are now a number of exceptions: workers generally can't be fired for union activity, say, or for whistle-blowing. But the largest carve-out is discrimination law. Employers may, as the Tennessee court said, fire workers for good cause or for no cause, but they cannot fire them on the basis of race, religion, sex or other prohibited factors.

Just where age fits in this list has long been unclear. It has been a kind of forgotten stepchild of the civil rights revolution. When the granddaddy of all employment- discrimination laws, Title VII of the Civil Rights Act of 1964, was adopted, there was general agreement on most of the
categories. But Congress was uncertain what to do about age. The secretary of labor was asked to study age discrimination in employment and advise whether it should be covered. The secretary found that age discrimination was a real problem. At the time, about 50 percent of job listings were not open to applicants over 55, and 25 percent were closed off to those over 45. Relying on the report, Congress passed the Age Discrimination in Employment Act (A.D.E.A.).

Based on its language, which almost exactly tracks Title VII, older workers should be well protected. But it hasn’t worked out that way. "The passage of the A.D.E.A. was the biggest victory," says Michael Lieder, a lawyer for the Allstate plaintiffs. "It's been downhill ever since."

It is almost always harder for older workers to win a bias claim than it is for the groups covered by Title VII. One of the biggest differences is the availability of an evidentiary theory known as "disparate impact." The Supreme Court has held since 1971 that plaintiffs suing under Title VII do not need to show that they were intentionally discriminated against (what the law calls "disparate treatment"); it is enough to show that a supposedly neutral policy disproportionately hurt a protected group. Once that is shown, the employer has the burden of showing that the challenged policy (a new kind of aptitude test, say, or a height requirement) is necessary for the job. Disparate impact is a powerful tool, since it is often hard for workers to prove intentional discrimination. Many of the biggest race- and sex-discrimination lawsuits could not have been won without it.

There is no reason that disparate impact shouldn't be available under the A.D.E.A., but many federal courts won't allow it. Even with intentional discrimination claims, older workers are worse off. Many judges just don't like age-discrimination lawsuits. One federal judge complained in a decision that older workers feel they can file age suits with no more evidence "than a birth certificate and a pink slip."

As a result, courts go to great lengths not to see age bias when it is obviously there. In case after case, judges excuse blatantly discriminatory comments as mere "stray remarks" and strain to find alternative reasons that older workers were fired. In one egregious case, a 56-year-old worker at a North Carolina company was fired. Two weeks before the firing, a supervisor said to him, "O'Connor, you are too damn old for this kind of work." This, a federal appeals court held, did not constitute sufficient evidence for discrimination.

Even when older workers make their case, courts are more willing to accept employers' defenses. Early in the civil rights era, it was established that a company cannot defend a race-discrimination claim by saying it acted for economic reasons. In the classic case, a restaurant that pleads "customer preference" -- that it would happily hire black waitresses, but its racist customers would stop coming -- still loses.

But in age cases, courts are all too willing to accept economic defenses. A company that says it laid off older workers because they were highly paid will often prevail. This can be a potent weapon for a company like Allstate, which can argue that when it pushed out all of those agents who were 40 or older, it was looking to get rid of expensive employees, not old ones.
There are many reasons that courts have been grudging about age claims. In part, judges do not see old people as a “discrete and insular minority,” the classic legal formulation for a protected class. Blacks are separate and apart from the majority culture, the theory goes, but every family has old people in it, and anyone not currently in the class eventually will be. That logic ignores the fact that Congress established to its satisfaction 36 years ago that bias against older workers is real and pervasive -- and passed the A.D.E.A. to do something about it.

Judges are also inclined to see pushing older workers out as part of the natural order, because they are less able, or to make room for the next generation. But stereotypes like these, about who is capable, or deserving, of employment are just what Congress was taking aim at with the A.D.E.A. There is no small contradiction in the fact that some of the worst age-discrimination law has come from Supreme Court justices, who serve for life. Lawyers for older workers have been reluctant to use the word “hypocrisy,” but they have noted in their arguments that Justice Oliver Wendell Holmes stayed on the court into his 90's.

Advocates for older workers say, perhaps too hopefully, that the Supreme Court may be softening on age discrimination. They point, in particular, to a case from 2000 reinstating a jury verdict in favor of a Mississippi plumbing-products factory employee who was fired after his supervisor told him that he "must have come over on the Mayflower" and that he was "too damn old" for the job. Reversing a lower court, the Supreme Court unanimously held that the fired worker had put forth enough evidence to prove that his firing violated the A.D.E.A.

But also important, the E.E.O.C. recently signaled a willingness to challenge the court's stingy view of age discrimination. After the Supreme Court ruled in 2000 that individuals cannot sue state entities for damages under federal age-bias laws, the E.E.O.C. stepped in to represent 1,700 retired police officers, firefighters and other safety officers who charged the California Public Employees Retirement System with discriminating in benefits. In January, the retirement system agreed to pay $250 million -- the largest settlement, for any kind of discrimination, in E.E.O.C. history.

Ron Harper and his fellow plaintiffs know they have their work cut out for them. If disparate impact were available to them, they would be off to a fast start. The ratio of terminated agents who were in the protected class -- more than 90 percent -- is enormous by the standards of discrimination law. Under disparate impact, the burden would shift to Allstate to explain what it was up to.

As things now stand, the plaintiffs will need to come up with more proof of intentional discrimination to show that Allstate was biased against its older workers. If they can make the legal claims work, the plaintiffs say, they believe they have the sort of human stories that will put Allstate on the defensive. There are certainly plenty of plaintiffs like Harper who have stayed with the company and are struggling to stay afloat. More than 2,500 have left, and many of them describe it as if they had been fired. Gene Romero,
54, a 13-year Allstate agent in Overland Park, Kan., sold his book of business and has been unemployed ever since. He has looked for work, but the job market is weak, he says, and he hasn't found anyone who "wants to hire an old man." Michael Wilson, a lawyer for the Allstate plaintiffs, says that his clients are suffering the usual fallout of involuntary job loss -- depression, divorce, alcoholism and worse. "I've had people call me and say, 'I was sitting out in my backyard with a gun in my mouth,'" he says.

Even if they don't prevail on the age-discrimination claims, they may win -- as often happens in these cases -- on a related claim. With sentiment running strongly against large companies that leave their retired workers in the lurch, they may do well with their challenge to the take-it-or-leave-it release.

However things work out for the Allstate plaintiffs, the case could reshape the legal landscape for older workers. Given the nation's demographic trends -- and the persistence in stereotyped thinking about older people -- there is every reason to believe that the age-bias complaints from television writers and teachers, bus mechanics and bankers will continue their explosive growth.

Now the law may have a chance to catch up. If the Allstate plaintiffs prevail, the case could give older workers their first true landmark case, with damage awards large enough to make corporate America recalculate the costs of discriminating.

Win or lose, advocates for older workers say, this case could be indispensable to the process of improving age-discrimination law -- making it the equal of race, sex and religion. They have not given up, they say, on getting the courts to rethink the economic-defense excuse and their antipathy toward disparate impact. "We are not going to cower in front of these precedents," vows Laurie McCann, a senior AARP lawyer. "We're going to chip away to show that they're wrong."

They also want Congress to get involved. It could amend the A.D.E.A. to bring age-discrimination rules in line with the more generous ones available under Title VII. This may seem like a uniquely inauspicious time to ask Congress to expand a civil rights law, particularly with the Republicans in control of both houses. But advocates for older workers point out that their constituents are one of the most potent voting blocs around. Politicians ignore older workers at their peril.

Harper is hoping that his dispute with Allstate rewrites the legal rules. Except for marrying his wife and rearing "two fine boys," he says, taking on Allstate is the most important thing he has ever done. "I'd be lying if I said we're not fighting for ourselves and our families," he says. "But every one of us knows that we're also carrying the ball for other people -- people who will be hit by something like this in the future."
Men don't dare leer or mock their female colleagues at the sensitivity training sessions that Stephen M. Paskoff conducts at workplaces around the country, where he preaches civility between the sexes and compliance with anti-discrimination laws. But during these same seminars, some women, without compunction, spit stereotypic insults at the men. And one female manager, who hired Mr. Paskoff to quiet gender strife among her employees, displays on her office wall a snide cartoon that says, "If you want the job done right, get a woman to do it." These days women in positions of power, or at least a few of them, are engaging in sexist behavior, while men, constrained by codes of workplace conduct and competing for jobs that were once theirs alone, are frustrated, angry and looking for someone to take it out on.

_Frustrated Men_

"When men see women doing stuff that would get them in trouble, they get very, very mad," said Mr. Paskoff, a lawyer who has both prosecuted and defended sexual harassment cases and now runs a training firm in Atlanta. "The degree of anger about this, and the way the issue has been positioned as a political cause -- so one group thinks it has special rights and the other group feels frustrated -- is going to spill over."

It already has. The same laws that have crimped the conversations and habits that men once brought from the locker room to the workplace are now affecting female managers as well.

In Massachusetts Superior Court, eight men who were formerly employed as counselors at the Jenny Craig weight loss centers in the Boston area are charging the company with sex discrimination and sexual harassment. Jenny Craig International, where the chief executive and 90 percent of the 4,300 employees are women, denies the charges, saying that the environment of its nearly 600 centers across the country is "very balanced" and that the plaintiffs were fired because their performance was substandard.

But all of the men, who have been called the Jenny Craig Eight, are saying that they were fired, denied promotion or given unfavorable assignments because they were outsiders in a female-dominated corporate culture. Some of the men say they were asked to perform demeaning tasks not related to their jobs, like shoveling snow, emptying the trash or fixing the boss's car. A few of them say they were taunted about their "tight buns" and excluded from office chit-chat about pregnancy and menstrual periods. Moreover, they say that they were very uncomfortable wearing the smocks and neck scarves that are the company-issue uniform.
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The men's complaints, and a ruling of probable cause in several of the cases by a state civil rights agency, has provoked a flood of inquiries from men with similar stories, said Jane C. Brayton, an official at the Massachusetts Commission Against Discrimination. She compared the flurry of calls to those prompted by Anita Hill's testimony against Clarence Thomas. "It's the same stuff, the same stuff," Ms. Brayton said, in the weary tones of someone who's heard it all before. "It's just sometimes the 'she' turns into a 'he.' Nothing's changed. The majority keeps putting down the minority."

Powerful Women

The allegations by the male weight-loss counselors continue to provoke debate among social scientists and management experts about whether women act differently than men when they have power and whether they should be held to the same standards. The question has given rise to many discussions in the popular press and many a conversation, but, as yet, not very much solid scholarship.

"Is it a question of gender or a question of power?" said Gary N. Powell, a management professor at the University of Connecticut. "If we knew women were more tolerant, then we'd want to design remedial training for men in how to respect otherness more. But let's say women are no different, and that's what it looks like here. Then we need training for decision makers of any sort who might abuse their authority and treat people different from them in a biased manner." Judy B. Rosener, a professor of management at the University of California at Irvine, agreed. "To get ahead, you must be just like those at the top, and generally that's based on the straight, white, male model," she said. "But a culture dominated by female talk, female ways of doing things," she added, "is just as wrong." The men who are filing charges against Jenny Craig have said the kinds of things that Mr. Paskoff and other consultants on workplace discrimination hear often as they make their rounds.

Dreams and Girl Talk

Generally, the men protest four kinds of behavior, all of which may qualify as sexual harassment as defined by the Supreme Court. First, men complain about sexual remarks (for instance, one Jenny Craig plaintiff said that his female supervisor told him she dreamed of him naked). Second, they say they have been negatively stereotyped (one plaintiff says he was told that he was "sensitive for a guy"). Third, they claim that they have been assigned tasks because of their gender rather than because of their job description. And fourth, they protest being bombarded with "girl talk." But not everyone thinks all these things are so dire. Some experts argue that sexual remarks are less malevolent when directed at men than at women. According to Freada Klein of Klein Associates, who has been a consultant in this field since 1976, men are more likely to feel flattered than threatened by such comments, whereas women tend to worry that sexual taunts will escalate and lead to sexual assault. And even though "girl talk," may be annoying, embarrassing or exclusionary to men, many experts say that it is rarely a major career impediment. "Each of us ought to have spaces in our lives to pick and chose our friends and talk about
“what we want,” Ms. Klein said. "The real measure is can you walk away and not be ostracized or lose out on critical work-related information?" Experts agree, however, that derogatory stereotypes -- whether in comments tossed around the water cooler or in cartoons tacked on the wall -- do signal a hostile working environment. "This raises the question of systematic bias," Ms. Klein said, Any man who is applying for a job or seeking promotion, she added, will assume from reading these signals that "these people couldn't possibly be fair." As for reverse sexual harassment, which has gotten a lot of attention since the publication of Michael Crichton's book, "Disclosure," and the subsequent movie, this phenomenon is pretty rare, although complaints by men have increased from 8 to 10 percent of the total caseload between 1990 and 1994, according to the Federal Equal Employment Opportunity Commission. And according to a survey taken by Ms. Klein's Boston-based firm 5 percent of the men who work at Fortune 500 companies have experienced sexual harassment. Predictably, women are more likely to mistreat male colleagues when women run the show and are in the majority. Nursing staffs and organizations with expressly feminist goals can be particularly rough on men.

A visit to Mills College in Oakland, offered a glimpse of what men in such environments may face. Women predominate in both the Mills administration and the faculty, and they consider it their mission to serve as mentors to the all-female student body. R. Wood Massi, the assistant to the provost of Mills and the only man in that office, wonders if "there's a glass ceiling for me here." And he says he rarely gets invited when his women colleagues "go out to eat together, for margaritas, whatever." Romeo Garcia, the special assistant to the president of Mills, complained that "every time the water cooler needs a new bottle on top, I'm asked to do it," even now that the jug size has been changed and any of the women is capable of lifting it. And David Keeports, a physics professor at Mills, noted that the rancorous debate five years ago about whether the college should become co-educational hardened the ideology at Mills, making it more difficult for men to express their opinions.

_Shifting Scales_

Laura E. Nathan, a sociology professor at Mills and a fierce proponent of single-sex education, is uneasy about the way the scales have shifted. Women's insults against men go unremarked upon; women's accusations are too readily believed. And male opinions are too rarely heard, despite the treasured tradition of open discourse at the academy. "It clearly doesn't make sense," Ms. Nathan said. "To some extent we're making the same mistakes they did. I can understand why. With a little leeway and a little power, it feels pretty good. But it's a vicious cycle. The bottom line is we all have to start behaving like human beings."
Daisha Rodriquez had been at Mega Bank for less than 13 months when she was called in by the Human Resources Department for what she thought would be her annual review. Instead, she was both flattered and surprised when asked if she would permit some candid photographs to be taken of her on the trading floor for possible inclusion in the firm’s forthcoming annual report. While she thought she had learned a great deal during her apprenticeship to one of the senior traders, a picture in the annual report was more than she had ever expected so soon after her graduation with an MBA from a prestigious school. Daisha thanked the HR Director and gave her permission even though she knew it would be a bit of a hassle to have someone photographing her while she attempted to concentrate on what would inevitably be some troublesome proprietary positions requiring her complete attention.

The following week the photographer arrived on the floor and began shooting what seemed like countless pictures. After a while, he began setting up the pictures by requiring some of the traders to change their seats or stand in other positions that didn’t really reflect the trading floor as she was accustomed to seeing it. She shrugged it off as the temperament of “the artist at work” and thought nothing more about it.

That weekend, while having dinner and drinks with some of her co-workers, she mentioned the possibility that her picture might find its way into the annual report. She was surprised to find certain coolness among her colleagues. Was it jealousy or was she missing something?

The next morning she spoke with her roommate, Alisha. It didn’t take five minutes for her to understand how she had completely misjudged the situation. Alisha didn’t mince any words. “Did Daisha notice that among all the women on the trading floor, she had the darkest skin? Did she understand that of the 400 people on the floor, only 40 or so were women and there were less than 15 African-Americans? As for Latinos, you could count them on the fingers of one hand. Didn’t Daisha understand that she was being manipulated to give readers of the annual report the impression that this was a racially diverse company, when in truth; it was nothing of the kind.

As she considered Alisha’s comments, Daisha remembered the photographer’s insistence that the people on the floor form small groups for some of his photographs. Included in those groups there was always someone whose skin was black or possibly Latino, as well as at least one woman. Some of the photographs were taken with people of obviously different racial backgrounds working together in groups that bore no resemblance to reality. Instead, seats were change and people were added to the group just for the photograph, after which the traders resumed their normal positions at the trading desk. It was so obvious that she was shocked that she had missed it.

The next morning Daisha got on the company website and reviewed the last four annual reports. Each of them was virtually the same when it came to racial and minority balance in the photographs. In fact, all of them had at least one candid photograph of one of the African American traders, who was Nigerian by birth, and who had the darkest skin of any man on the trading floor. Surely this was not
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accidental. She began to wonder if she had made a mistake in granting permission to HR. Was she not actively participating in a misrepresentation of what the racial composition of the trading floor really was? What would the shareholders think as they read the annual report? Would the assumption be that this was a company that embraced diversity and welcomed talent without regard to other considerations? Would potential employees be misled into thinking that race and gender mix were fairly represented in the photographs? Was Daisha compliant in a system that would ultimately affect her personal relationships with her black and female friends?

The more deeply she thought about it, the more confusing it became. After all, where was the harm? Perhaps this was Mega Bank’s way of inviting more women and minorities to apply for jobs, as the annual report would find its way into many colleges and universities. The fact that management wanted to convey the image of a diverse culture might help others to aspire to work in this kind of atmosphere. And why shouldn’t they? Daisha had no complaints as to how she was treated and had already encouraged many of her friends to think about applying to the Mega Bank training program. There was also the matter of Daisha’s own career. She had already committed to having her picture included in the annual. Could she really revoke her promise now? She didn’t want to be a participant in a hypocritical presentation but a significant placement in the annual report wouldn’t hurt her personal aspirations. While Daisha was contemplating her options, the photographer called and asked if it would be possible to take some additional photographs in the morning as he had some new ideas for the layout.