



# **DISRUPT** & *delight*

Five Principles for Sustainable Brand Innovation

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**LIKE FEW**  
**TIMES**  
in our history, a  
**FUNDAMENTAL**  
**SHIFT**  
is upon us.

Our politics are broken. Our economy isn't delivering for our people. Our society and environment face unprecedented stresses as scarce resources are stretched to meet growing needs.

Economists brace for "peak everything" and "the end of growth" while citizens around the world rise up against a way of doing business based on short-term, transactional, profit-first thinking that's leaving a wake of broken promises and lost possibilities.

And yet, there is great reason for hope. Generations are shifting. Access to the world's knowledge is democratizing. And technology is changing everything.

A new generation of brands is designing smarter, safer, greener and more accessible solutions while a growing number of consumers are asking what really matters and creating new ways to do much more with much less.

**Welcome to the Age of Radical Contradiction. Are you ready?**

## The Moment

*The true test of a first-rate mind is the ability to hold two contradictory ideas at the same time.*

For leaders in every sector and organization, F. Scott Fitzgerald's maxim is now a daily reality.

As the Facebook IPO makes history and Apple overcomes supply chain scrutiny to achieve unprecedented profits, young people across Europe and the Middle East protest a devastating lack of opportunity and governments debate austerity.

As businesses manage increasing volatility in global supply chains, hundreds of local communities plan for long-term resiliency based on direct, transparent and regional economic relationships across agriculture, finance, energy and commerce.

As breakthrough innovations in digital communication, renewable energy and mobility re-imagine entire sectors of our economy, highly constrained governments face profound inefficiencies in distribution, regulation and investment.

Our new way of life is defined by more scarcity, complexity and speed—as well as more creativity, innovation and participation.

Against this backdrop, a number of fundamental and exciting questions emerge:

**How might we design new business models driven by more than just consumption?**

**How might we re-invent whole systems in ways that make the limits of the status quo obsolete?**

**How might we create more happiness and a better quality of life for more people even as our economy shifts to meet nature's limits?**

Introducing **Sustainable Brand Innovation**. As we'll describe below, we at BBMG believe that sustainability is the biggest economic opportunity of our time. And the innovation imperative will unlock the promise of a smarter, more collaborative and more meaningful way of delivering value. Simply put, brands that win will meet the moment by embedding sustainability in every strategy, inspiring co-creativity in every process and unleashing shared value that works for all.



**“We are using up resources well beyond the Earth’s ability to replenish itself. We need a new paradigm to replace the growth economy. Sustainable innovation is part of the solution—along with consumer behavior. At Patagonia, we feel that there will be a re-alignment between people and the stuff that they use.”<sup>1</sup>**

*—Rick Ridgeway, VP Environmental Initiatives and Special Media Projects, Patagonia*

# Sustainable Brand Innovation: Design for Systems Thinking

Thanks to the practitioners of design thinking, we live in a more efficient, intelligent and beautiful world.

Indeed, design thinking has changed the very nature of business, inspiring us to act with more empathy, design with more creativity and develop solutions that cost less, do more and deliver wonder and delight.

*The urgent challenges of sustainability—from climate change to waste to water scarcity to acute poverty—require us to re-think the practice of innovation.*

Moving forward, the urgent challenges of sustainability—from climate change to waste to water scarcity to acute poverty—require us to re-think the practice of innovation. Sure, we will always observe human behavior, generate ideas that hurdle obstacles,

drive material efficiencies and design better user experiences that improve our lives.

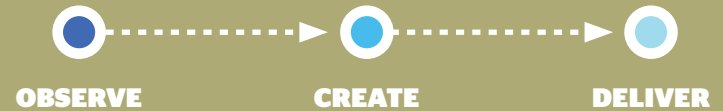
Yet we believe the next chapter will unite design thinking with systems thinking—call it **Design for Systems Thinking**.

As Seventh Generation co-founder Jeffrey Hollender puts it, "We need to move from innovation focused on 'less bad' to a new paradigm of sustainable innovation focused on 'good.' What does 'good' mean? It means innovation that's not only sustainable, but also restorative and resilient. It demands taking a systems-based approach to design and innovation that on a 'net' basis creates more good than bad."<sup>2</sup>

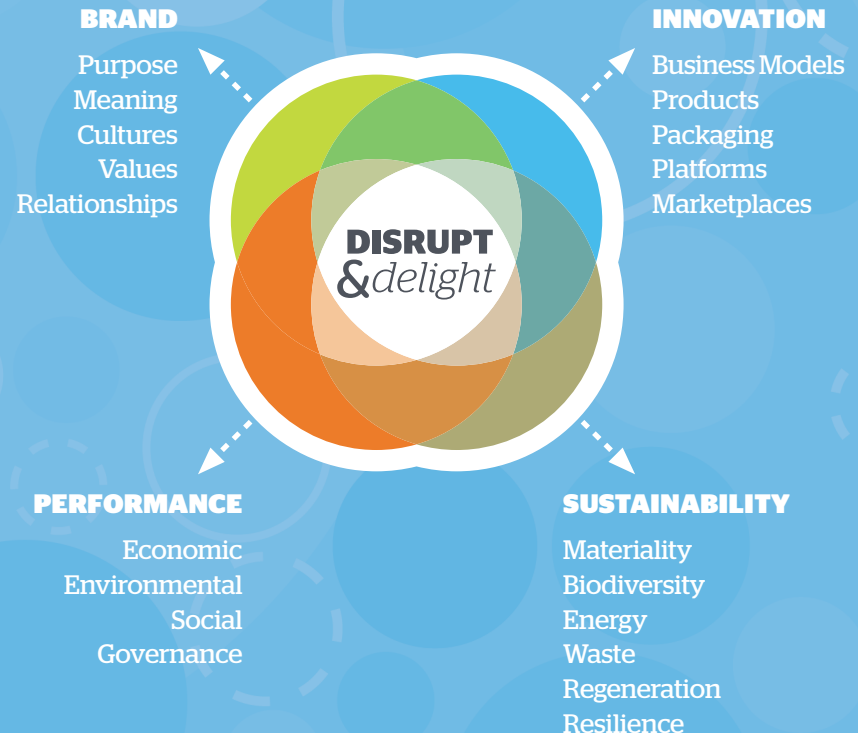
By uniting design thinking and systems thinking, sustainable brand innovation offers the opportunity for exponential value creation for business, consumers, society and our planet.

And by working at the intersection of branding, innovation and sustainability, we can re-imagine the methods, tools and protocols of design thinking to specifically engage the challenges and possibilities of a more purposeful, sustainable and successful marketplace.

## TRADITIONAL INNOVATION



## SUSTAINABLE BRAND INNOVATION



# FIVE PRINCIPLES *of Sustainable* Brand *Innovation*

Whether it's reducing resource risks in supply chains, driving efficiencies into workflows or reaping the rewards of increased transparency and corporate reputation, we believe sustainable brand innovation offers unmatched opportunity for shared value generation.

As outlined below, brands large and small are increasingly connecting consumers, brand teams, suppliers and subject matter experts in the innovation process to embed sustainability and social purpose into every business strategy, product design and stakeholder relationship.

And by creating better brands, products, packaging and platforms, high-performing companies can become agents of change at a faster speed and larger scale than ever before. So, how do we get there?

**The following Five Principles of Sustainable Brand Innovation can help guide the way: creating new ways to do much more with much less.**

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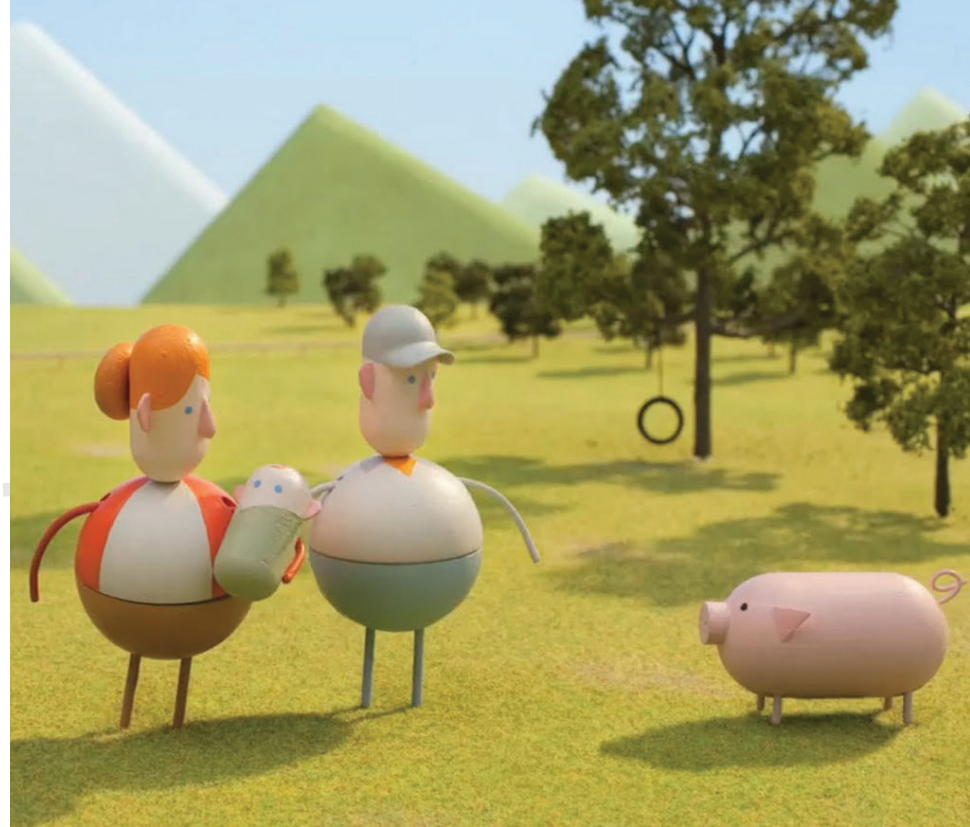
# START WITH WHAT'S SACRED

To meet our urgent economic and environmental challenges and deliver on the full promise of sustainability, our approach to innovation must begin not just with the technical marvels of polymers and solvents, but the values, hopes and aspirations of our shared humanity.

Indeed, as University of Virginia psychology professor Jonathan Haidt reveals, the key to motivating human behavior is not product benefits that merely serve our self-interest, but stories that embody our sacredness: "The great trick that humans developed at some point in the last few hundred thousand years is the ability to circle around a tree, rock, ancestor, flag, book or god, and then treat that thing as sacred."<sup>3</sup>

For Haidt, people who share an idea of the sacred can trust one another, work as a team and prevail over less cohesive groups. So the way to change behavior is to follow the sacredness. And the way to follow the sacredness is to listen to the stories that we tell about ourselves and each other.

By starting with the sacred, innovation is a brand-driven exercise by design. Brands embody our values, reflect our DNA and give voice and direction to our very reason for being. Branding unites purpose and performance behind a north-star vision, a noble goal, a desired solution that can transform our lives. That's why Zappos and Coke are in the business of Happiness. CLIF Bar inspires us to take the White Road. And Facebook brings us closer together by helping us share with the people in our lives.



## CHIPOTLE'S FAST FOOD DISRUPTION

Building on its vision of "Food with Integrity," Chipotle is disrupting the fast food industry with an ethos that the way we cultivate and consume our food should be healthier and more ethical.

The company is re-imagining its supply chain by working with farmers to grow more organic ingredients, breed heritage chickens and increase participation in a naturally raised pig farming cooperative with every new store they open.

The brand's two-minute anthem video, "Back to the Start," reveals the power of their sacred purpose, helping the heroic farmer break free of industrial food production to stand for open pastures and more humane practices.

Now, Chipotle is adding to its menu of offerings with a new music label and community festivals designed to celebrate its vision for a better way of eating and living.

no. 2

## DESIGN HOLISTICALLY

One of the lessons innovation draws from nature is the reality that all things are interconnected.

Biomimicry reveals how nature provides elegant, efficient and beautiful solutions within an ecosystem where the success of the whole depends on the success of each part. Pulling one side of the string unleashes forces that shape every other aspect of the system.

We believe sustainable brand innovation requires a similarly holistic approach across business, product and service design within an ecosystem that reinforces the health, sustainability and success of each part over time.

From a company perspective, that means placing sustainability at the center of our business models, leadership, cultures, capabilities and product and service strategies and making sure we have the right talent, people and partnerships focused on it.

From a product and service perspective, it means designing solutions in closed loop systems that consider the source, manufacture, distribution, use, re-use and reinvention of every product across and beyond its life cycle.

In short, sustainable brand innovation considers the full set of relationships in every part of the value chain—consumer, product, brand, community and planet—and allows for the integration of mutually beneficial roles that we can play as individuals, organizations and as a society.

From Levi's Water<Less™ jeans and Dr. Hauschka Skin Care's regenerative biodynamic farming techniques to InterfaceFLOR's revolutionary modular carpets, leading brands are designing better solutions within a sustainable ecosystem.



**“We challenged ourselves to operate at the intersection of style and sustainability. Our Water<Less™ collection delivers on the great style and finish the Levi's brand is known for, but are made with significantly less water. Sometimes, the way to achieve a more sustainable design is to rethink a traditional process and find a way to do it better.”<sup>4</sup>**

*—Erik Joule, SVP Merchandising and Design for the Americas,  
Levi Strauss & Co.*

no. 3

# CREATE COLLABORATIVELY

Sustainable brand innovation sets a high bar. As noted earlier, it embodies our most sacred values and considers the entire ecosystem within which design takes place. These are big ambitions. To get there, it's going to take the ideas and creativity of all of us, not just some of us.

Thank goodness we are experiencing the explosion of co-creativity, where brands, causes, industries and even government agencies are seeking new models of collaboration. From open innovation platforms (Open IDEO, Innocentive) and industry coalitions (Sustainable Apparel Coalition, The Sustainability Consortium) to community-driven platforms (The Collective, Quirky), multi-stakeholder collaboration is changing the nature and rules of innovation, uniting both experts

and consumers in generating better ideas and solutions because they come from both the makers and users of the products and services.

At its best, co-creativity provides real-world perspective as ideas and strategies are developed so they emerge pre-validated and more likely to inspire interest, adoption and scale.

Most of all, creative collaboration recognizes that wisdom lies not so much in the crowd but from all parts of our organizations, communities and society. The best thinking and ideas often will come from beyond our own walls.



## UNILEVER'S OPEN INNOVATION

To deliver on sustainable brand innovation, Unilever is launching a new online platform that offers experts the opportunity to help the company find the solutions it needs to achieve its ambition of doubling the size of its business while reducing the size of its environmental impact.

Taking open innovation to the next level, Unilever is publishing a list of "wants" from safe drinking water and sustainable washing to food preservation. The company is aligning these "wants" with a comprehensive sustainable business strategy that sets concrete targets for sourcing raw materials, improving working conditions and influencing the hygiene habits of more than one billion people to save water and improve health.

Approximately 60 percent of the company's innovation pipeline is being generated through the open innovation process today.<sup>5</sup>

"We know that the world is full of brilliant people with brilliant ideas, and we are constantly looking for new ways to tap into this potential," says Roger Leech, Unilever's open innovation scouting director. "Smart collaboration with partners gives both parties the freedom to do business in new and invigorating ways—creating shared value along the way."<sup>6</sup>



no. 4

## BE PLAYFUL

The world's leading scientists, as well as kids at your local park, have demonstrated the powerful link between play and innovation. Play fosters creativity, flexibility and learning. Play sparks our curiosity, builds connections to others and teaches us perseverance.

At a time when business leaders are forced to reconcile growth and profit with increasing resource constraints, play helps us move beyond rigid rules and predetermined structures to create and imagine new possibilities based on our shared experience.

For innovation practitioners, play is an essential pathway for generating big ideas, as designer Laura Seargeant Richardson writes, "A playful mind thrives on ambiguity, complexity and improvisation—the very things needed to innovate and come up with creative solutions to the massive global challenges in economics, the environment, education and more."<sup>7</sup>

For consumers, play has become integral to the way we engage brands, connect with our peers and experience the world around us.

According to a recent study by MTV, half of Millennials agree with the statement, "I approach life's challenges like a game."<sup>8</sup> And both boys and girls who play video games tend to be more creative, finds researchers at Michigan State University.<sup>9</sup>

From RecycleBank and Practically Green to Save Up, more and more companies are leveraging play economics and gamification to shift the dynamic of our relationship with brands and mobilize behaviors that integrate play, sustainability and social impact.



no. 5

## DISRUPT AND DELIGHT

When Nike imagined its CSR platform, the company was guided by a simple truth: consumers aren't motivated by sustainability; they want better products and a better world.

It seems pretty simple, but perhaps the greatest promise of innovation is the opportunity to leverage the constraints of sustainability to design products and services that work better, cost less and deliver ways for all of us to create a better world.

Brands in every sector are realizing the essential link between disruptive innovation and consumer delight. Method Home redefined the category of green cleaners with beautiful design, high-performing natural ingredients and delicious fragrances that also happen to be friendly to the planet. Their wonderfully quirky "Clean Happy"

campaign embodies a design-forward, joyful environmentalism that credibly makes our most mundane household chores into acts of celebration.

Similarly, Warby Parker disrupted the fashion eyewear category by offering boutique-quality, classically crafted glasses at revolutionary prices. They create their own designs. They sell directly to customers through their website (with a no-risk home try-on and return policy). And they simplify the supply chain by removing the middleman. Even more, Warby Parker has taken the "buy-one, give-one" model to the next level by partnering with nonprofits like VisionSpring to distribute more than 100,000 pairs of glasses to people in need while training low-income social entrepreneurs to sell affordable glasses in their own communities.



According to Hannah Jones, vice president of sustainable business and innovation at Nike, this full integration of disruptive innovation with consumer delight is the only way to drive adoption and impact at scale.

"What we have to do with sustainability is to make today's status quo obsolete so that it just becomes the norm and

default option because it's better, easier and frankly more delightful to the consumer," she explains. "Never compromise performance and price for sustainability or you will do a disservice to sustainability. You will continue the mythology of sustainability equals less, and that is, I think, one of the greatest issues that we have at stake."<sup>10</sup>

# Where Process Meets Possibilities: Three Steps to Sustainable Brand Innovation

At BBMG, we focus on sustainable brand innovation because we believe it's a transformational way of doing business—combining the foundational purpose and core values of brand building with the environmental imperative of sustainability and the creative potential of innovation.

Based on our work with organizations from Fortune 500 companies and mission-driven brands to clean tech startups and international NGOs, we integrate three process steps to generate more powerful and purposeful ideas and solutions.



## EMBED SUSTAINABILITY.

We think holistically about creating value by integrating our **Triple Value Proposition™** methodology into each innovation challenge so we deliver solutions with practical, social/ environmental and tribal benefits wired in so ideas are more meaningful for more stakeholders in more ways.



## THE COLLECTIVE

## INSPIRE CO-CREATIVITY.

BBMG leverages **The Collective™**, its proprietary online community of practical yet purposeful New Consumers to drive insights, idea generation and concept validation. The Collective invites real consumers and expert practitioners into the room and integrates their ideas, experiences and aspirations into the innovation process.



## UNLEASH SHARED VALUE.

Driven by clear success metrics, we create ideas designed to deliver multidimensional value—from scalable brand strategies and more sustainable and delightful products to breakthrough campaigns and movements that inspire increased participation, authentic relationships and long-term loyalty and evangelism.

# In the end, sustainable brand innovation is designed to transcend the inherent conflict between a growing economy and the limits on our planet's natural resources.

It offers the opportunity to shift the paradigm from less bad to net good. From resource scarcity to regeneration and resilience. From consumer compromises to ever expanding creativity, happiness and community.

By harnessing the promise of branding, sustainability and innovation, we believe that we can meet the needs, hopes and aspirations of New Consumers; build more respectful, collaborative and enduring relationships with all stakeholders; and unleash our collective co-creativity to bring better, smarter and more impactful ideas to life in ways that create shared value for all.

## About This Booklet

This booklet is meant to help define the emerging concept of "sustainable brand innovation" and inspire business leaders and marketers to leverage its principles to create shared value. Please share your own perspectives and experiences, and don't hesitate to direct comments or questions to [info@bbmg.com](mailto:info@bbmg.com).

## About BBMG

BBMG is a leading brand innovation firm dedicated to creating and promoting sustainable brands. By integrating branding and marketing with sustainability expertise and innovation protocols, BBMG helps organizations identify opportunities, forge new markets, create new brands and drive real culture change. Recent clients include NBCUniversal, MillerCoors, Brown-Forman, Walmart, Samsung, Seventh Generation and Earthbound Farm. For more information visit [www.bbmg.com](http://www.bbmg.com).

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